

AD-A269 432

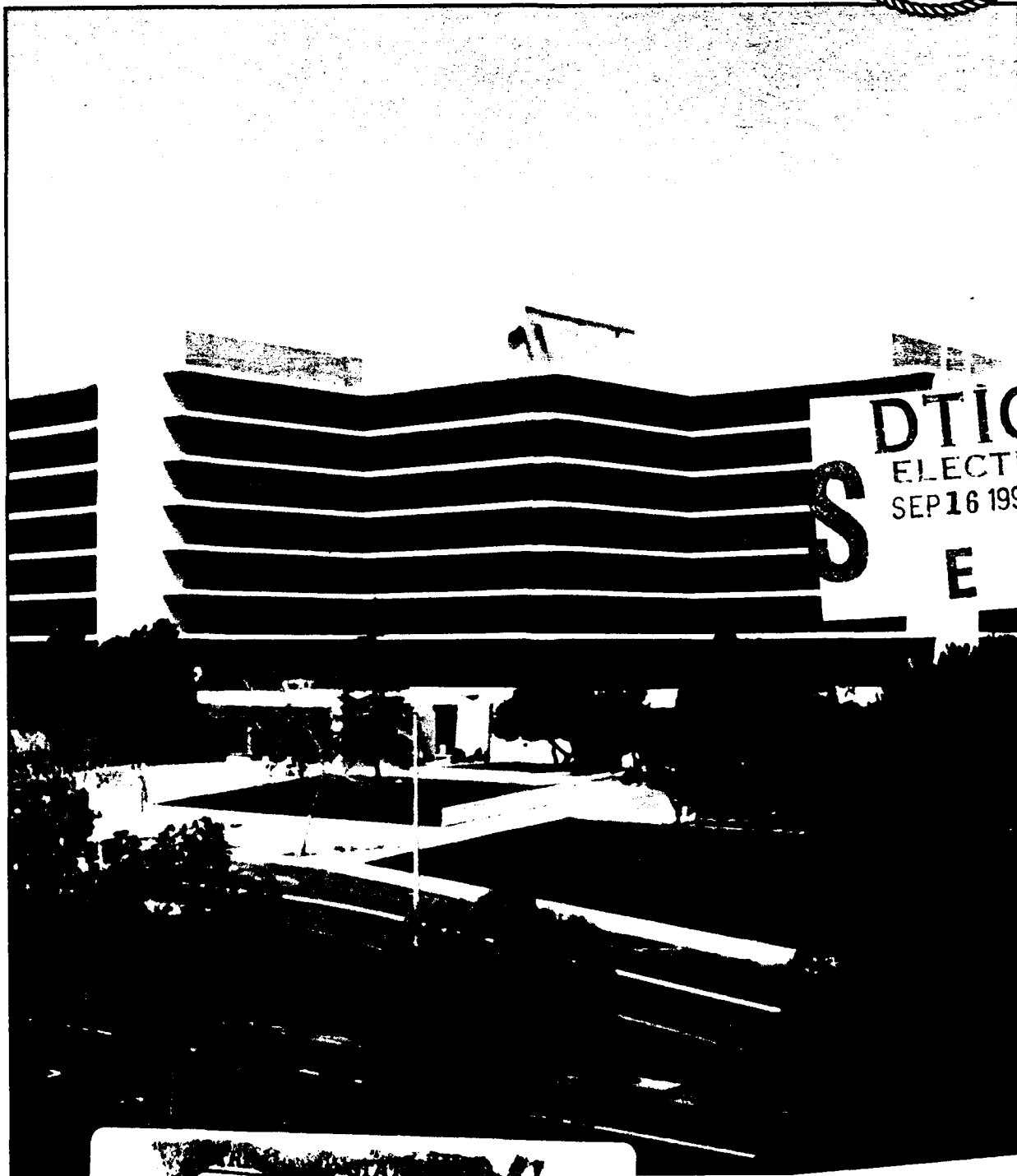
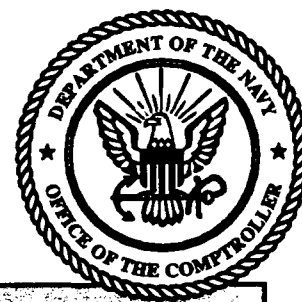


2

# Navy Comptroller

VOLUME 4 Issue 1

OCTOBER 1993



DTIC  
ELECTE  
SEP 16 1993  
S E D

Approved for public release  
Distribution Unlimited

93-21560



STP

## Guest Editorial

# Enthusiasm and Commitment Aboard Ship Revitalize Perspective



As I sit down to write this message, I have just returned from three days of talking with the captains and crews of five ships about the weapons systems they operate and the rapidly changing nature of the threat as the Navy turns its attention to operating in the littorals. Working in the Pentagon to review the procurement profiles of ships systems and Navy and Marine Corps weapons, it is easy to lose perspective. The last three days have been revitalizing.

I was struck anew by the depth of commitment exhibited by the ship's crew. It mattered not whether I was speaking to the captain of an AEGIS Cruiser, a Chief Petty Officer in charge of maintaining the fire control system on a frigate, or an E-2 assigned to dishwashing, each individual with whom I spoke approached the task at hand with an enthusiasm that is rarely matched in the offices in Washington.

As most of us in the Pentagon come to terms with the implications of a reduced threat and shift our focus to reducing the budget by making hard decisions about the continued procurement of major weapons systems and decommissioning ships, it is all too easy to lose sight of the continued complexity of operating the Department of the Navy day-to-day. From cooking for crews of well over 100 in a kitchen smaller than my own, to operating the sophisticated computers that comprise the weapons and sonar systems, to loading the Marine Corps and its supporting cargo onto an amphibious support ship for a six-month deployment, to making the decisions on how best to defend against the increasingly sophisticated weaponry that can be launched from a cigarette boat, the Navy continues to operate in a dynamic and challenging environment.

Inasmuch as our continued ability to successfully meet the challenges depends in no small measure on the morale and dedication of the ships force, I find myself tremendously heartened by the spirit of those with whom I spoke. It also leaves me with a renewed sense of personal challenge to make decisions about the budget that will meet the goals for "downsizing," while still allowing for the continued development of tools which will enhance the ability of the ships force to perform missions with the same degree of enthusiasm that now exists in the face of base closures and already reduced budgets.

This is a challenge worthy of us all, no matter where we sit.

A handwritten signature in cursive script, reading "Anne F. T. Reed".

**Anne F. T. Reed**  
**Head, Weapons and Other**  
**Procurement/ADP Coordination**  
**Branch**

# Navy Comptroller

VOLUME 4 ISSUE 1

OCTOBER 1993



- 2 Pursuing "Elegance" in Naval Hospital Resource Management  
*From concept to reality*  
—Murray H. Smith
- 13 Defense Pay System Conversion  
*DFAS answers questions for retirees and annuitants*
- 16 O&S Spending and Force Size  
*A relationship analysis*  
—Robert J. Vento, Lieutenant, United States Navy
- 30 DoN Civilian Financial Management Career Program  
*Course and program descriptions and dates*
- 36 Spotlight  
*Featured is Jo Decker, Comptroller, Office of Naval Intelligence*
- 37 Navy Comptroller-Sponsored Directives  
*An updated list for FY94*  
—Kathy Bowman
- 44 Smarter Defense Financial Management:  
It's the real thing; it's the right thing  
*1993 ASMC PDI Keynote Address*  
—Alice C. Maroni, Principal Deputy Comptroller, Department of Defense

Accession For	
NTIS CRA&I	<input checked="checked" type="checkbox"/>
DTIC TAB	<input type="checkbox"/>
Unannounced	<input type="checkbox"/>
Justification	
A267067	
By	
Distribution /	
Availability Codes	
Dist	Avail and / or Special
A-1	

DTIC QUALITY INSPECTED 3

Principal Deputy Assistant  
Secretary of the Navy for Financial  
Management:  
Albert V. Conte

Editor: Bonnie F. Lewis

# Pursuing "Elegance" in Naval Hospital Resource Management

## From concept to reality

by Murray H. Smith



Introductory remarks for my article are by Captain L. J. Boland, MSC, USN, author of the article entitled, "The Naval Hospital Resource Management Council—A Quality Model in Action," published in the October 1991 issue of the *Navy Comptroller*.

### Introduction

No company we know of has discovered a quick or easy way to change its organizational psychology to reshape the understanding, identification and commitment of its employees. (1)

*The goal of my original article in the October 1991 issue of Navy Comptroller was to export to other resource managers a framework which we implemented at Naval Hospital, Camp Pendleton. This framework is not new, but its application, which breathed life into the principles of Total Quality Leadership (TQL) for our staff, was complex and exciting. The steps we took represented the initiation of an integrated, fundamental change to the way in which we managed our hospital and outlying clinics. I'm pleased to observe from my current position at the Bureau of Medicine and Surgery that the transformation continues at a strong pace. Experience to date, as indicated in this follow-on article by Murray H. Smith, Deputy Comptroller, Naval Hospital, Camp Pendleton, underlines the complexity of such a transformation and the veracity of Bartlett and Ghoshal's astute observation quoted above.*

*As Vice Admiral Donald F. Hagen, Navy Surgeon General, recently observed in remarks to a group of headquarters personnel, the real value gained by the transformation to TQL will not be realized in the near term. He warned his staff that focusing too intently on relatively short term, narrowly focused goals can blur the vision and cause the organization to run aground in the shoal water of satisfaction. Naval Hospital, Camp Pendleton is demonstrating a hunger for improvement, a quest for the right kind of timely information in the hands of those who need it, and an admirable level of coordination between clinical and administrative professionals.*

*The framework appears to be solidly in place. I'm proud to have played a role in developing it. I hope the continuing experience of this "Center of Excellence" on a Marine Corps Base in Southern California assists readers in their own quality journey.*

—L. J. Boland

## Capturing "Elegance"

In his article on "The Naval Hospital Resource Management Council" (2), Captain L. J. Boland presented the conceptual framework of the Resource Management Council (RMC) initiated under his leadership at Naval Hospital, Camp Pendleton (NHCP). He also introduced the term "elegance." "Elegance" in a system is the degree of completeness with which a concept, no matter how simple it may appear, is implemented. With introduction of the RMC and the resource management philosophy it encompasses, "elegance" is a measure of its assumption into the command's culture, its becoming indistinguishable from "normal operations." The command is striving through attention to time, detail and communication to make the new decision-making process appear natural and practically effortless. There can be a great deal of stress encountered when introducing change. The more elegance is achieved in the RMC implementation, the less stress is experienced by those experiencing the outcomes (2).

This marks the third anniversary of the NHCP RMC's beginnings, a proper occasion on which to measure the "elegance" of its assumption into the culture of this medical facility. In so doing, I will discuss:

- assimilation of the concepts framing the RMC
- concrete positive outcomes being obtained from the very significant resource management evolution it represents

Any conclusion that "elegance" has been even partially achieved depends equally on both measures, the latter being proof of the former. To maintain continuity with the discussion CAPT Boland began, as well as its focus on resource management, I'll continue referring to our executive body as the "RMC" in a generic sense. However, its assimilation with Total Quality Leadership (TQL) at this command has progressed so well that the RMC is now merged with the TQL Executive Steering Council and referred to as the "ESC."

## Revisiting the Model

The RMC concept is not unique to Camp Pendleton within Navy Medicine. Captain John Kelly, the former Director of Resources and Comptroller at Naval Hospital, Oakland introduced a similar concept there five years ago. The principles of resource management that I learned under his mentorship at Naval Medical Command, Northwest Region

*"Elegance in a system is the degree of completeness with which a concept, no matter how simple it may appear, is implemented."*

have had great influence on the development of Camp Pendleton's model. A variety of executive management bodies exist at other Navy medical facilities, and may well share a focus on resource management and conceptual similarities with this model. What probably is unique to the Camp Pendleton model is its total commitment to continuous improvement in resource management and the fullest possible implementation of the resource management philosophy espoused by Mr. John Cuddy, Comptroller of the Navy's Bureau of Medicine and Surgery (BUMED).

As Captain Boland's article presents, continuous improvement of resource management is the RMC's principal *"raison d'être."* The NHCP RMC sits separately from any other meeting of the Commanding Officer, Executive Officer and Directors, including the routine morning brief. Its mission is very specifically focused on the improvement of all aspects of command resource management, not just execution of the process.

The RMC is critical to several resource management improvements long needed in Navy Medicine and integral to related developments BUMED has been implementing over the past six years. They include implementation of:

- the Navy's Planning, Programming and Budgeting System (PPBS)
- informed program management
- meaningful cost-effectiveness programs
- effective comptrollership

### **PPBS**

If properly implemented, the PPBS intimately relates and balances the planning, programming and budgeting phases of resource management. The resources obtained and executed are meant to result from a rational planning and programming process. Navy field medical activities have not traditionally engaged in formal planning and programming activity, not being organized or staffed to do so. Hence, resource availability at the field level often has little to do with planned requirements. The RMC is a tool to improve this!

### **Program Management**

Informed program management requires maximum resource management responsibility, authority and accountability in the hands of line managers. Navy medical comptrollers have often overseen centralized "program management" systems which significantly under-emphasize participation of the program manager. The result is resource management decisions being made without intimate knowledge of the programs affected, again leading to a serious mismatch between true program requirements and resources made available. The RMC is a tool to improve this!

### **Cost-Effectiveness**

Cost-effectiveness requires a truly competitive "marketplace" and profit-motivated business practices. Given the realities of a non-profit government-owned business environment, this has been next to impossible to achieve in Navy Medicine. Outside of military labor, budgets have been

based on past expenditure experience rather than workload and productivity measures. With no real incentives for cost control, there are ever-increasing resource "requirements," ultimately constrained by centralized control and false dollar ceilings in the absence of true "market" forces. The net result is an over-managed, under-resourced medical establishment and under-served customer population. The RMC is a tool to improve this!

### **Comptrollership**

Comptrollership is a staff rather than line function. Comptrollers need to be designers, facilitators, educators and supporters in a program where indeed line management manage the resources. However, they have traditionally seen themselves as the "resource managers." The result has been line managers who do not understand or practice sound resource management, and comptrollers who actively compete with them for line power and authority. The two have been adversaries in a complex arena that requires cooperation and mutual support for effective outcomes. The RMC is a tool to improve this!

Institution of an RMC has little purpose, and BUMED's program little chance of success, if there is not a focus on the above "opportunities for improvement." Any evaluation of the RMC's "elegance" needs to measure progress here more than anywhere else.

### **Assimilation of the Philosophy and Process**

#### **Paradigm Shift**

These developments represent nothing less than a "paradigm shift" as spoken to by Joel Barker, the visionary "guru" of quality improvement (3). Captain Boland referred to the synergy that has existed between this and the concurrent movement toward Total Quality Leadership (TQL) in Navy Medicine. Indeed, many of the characteristics of the NHCP RMC process are generic to TQL. As pointed out, the "RMC" is now the "ESC"! This has undoubtedly contributed to more successful assimilation of the RMC philosophy and process than might otherwise have occurred.

**"Elegance" score: high!**

#### **Command Support**

Initiated by RADM D. S. Frost and remarkably developed and integrated by Captain W. R. Rowley, the RMC concept has enjoyed the fullest approval and support of the Commanding Officer from its inception. Both leaders possess the strongest commitment to sound resource management and the vision to perceive the tremendous benefits to be derived from seeing this through to success. As with TQL, active leadership on the part of the Chief Executive Officer is absolutely essential to complete and lasting implementation of the concept, i.e. the "elegance" we seek. Captain Boland drew on this heavily to assure success in the initial, roughest stages of RMC implementation. Continuing success depends just as much on everyone's perception that "the boss wants it."

**"Elegance" score: high!**



**Captain W. R. Rowley developed and integrated the RMC concept.**

**Top-Down Implementation**

This is as essential to the RMC process as it is to TQL. A lasting command commitment cannot be realized unless executive management "buys in" and fully supports it from the onset. Hence, the first two years of promotion, education, development and experience were focused primarily on the "Front Office," the members of the RMC themselves. With some real success obtained at this level, we are now focusing our attentions towards middle management. We temper this success with caution however. As turnover occurs at the executive level, new RMC members must be brought swiftly and effectively on board to keep the evolution growing.

**"Elegance" score: moderate to high.**

**Teamwork**

At the executive management level, this is happening now as never before. Three years ago, relations among the medical, nursing and administrative leadership were excessively parochial and adversarial. Now a constructive and collaborative atmosphere has developed, and problems are being solved to the benefit of the command as a whole. Under the leadership of the Commanding Officer, all the participants are genuinely trying to make the RMC process work and are mutually benefitting from the fair play. Legitimate conflicts are being resolved more quickly and rationally, resulting in a more effective and productive decision-making process. Middle management is experiencing more and more involvement and benefit in this, and becoming increasingly supportive in its own right. With a critical mass of "trained process owners" ever likely to be maintained, these gains should be held.

**"Elegance" score: moderate to high.**

**Communications**

As the walls come tumbling down, communications across the command have naturally increased. The atmosphere is less threatening, thanks to a TQL focus on "process" rather than "culprits" in problem-solving. More people, and more importantly the "right" people, are being involved, specifically a result of the RMC process becoming well-organized and far-reaching. The "Front Office" is increasingly less isolated from "where the rubber meets the road." More information, opinion, advice and data is flowing across all levels in support of command decision-making. A great start has been made. Much opportunity for improvement still exists.

**"Elegance" score: moderate and improving.**

**Staff Support**

The RMC is staffed and supported by Department Heads managing the various command resource elements: finance, planning, personnel, health service contracts, space, information, materiel, equipment, facilities, and security. These managers have continually improved their skills in developing agendas, issues, management information and presentations to inform and guide RMC decision-making. The RMC itself is steadily



growing in its skill at perceiving and requesting what it needs. There is still much room for improvement, especially in the management information arena.

**"Elegance" score: moderate and improving.**

A Resource Management Advisory Group (RMAG) was initially instituted to staff RMC issues requiring interdisciplinary planning and development. Comprised of middle management representatives from medicine, nursing and the administrative support services, it became both a swift success and failure. In a few short months it developed a command mission statement, command goals and objectives, and a command-wide clinical services assessment—really quite a success story! However, executive management did not initially understand the RMAG's potential or how to effectively oversee its activities. Thus the RMAG's agenda became self-driven rather than defined by the RMC, and it went out of business for lack of political support. Now, with three years of development, experience and TQL, the RMC fully appreciates its need for middle management support and is actively implementing several Quality Management Boards (QMBs) as extensions of its activity. This is a great example of why top-down implementation is essential to success.

**"Elegance" score: moderate, but a bright future.**

#### **Resource Management Education**

Education in resource management principles, policies, issues and procedures is a critical element of our development process. With participants' commitment, involvement and communications steadily growing, an impressive amount of education has already occurred in the context of RMC development and business. Attitudes are changing, resistance disappearing, minds opening, "status" barriers lowering, egos softening—information flowing. Several formal initiatives have been taken to establish a firm educational basis for the program transition to middle management. The Director of Surgical Services, Captain B. A. Roelofs, developed an Administrative Manual for clinical program managers, to which each of the administrative and support service managers provides input. The Director of Medical Services, Captain S. K. Yowell has instituted quarterly clinical department head training covering the same range of administrative and resource management matters. Concurrently, I have initiated a training course in financial management for department heads and other program managers.

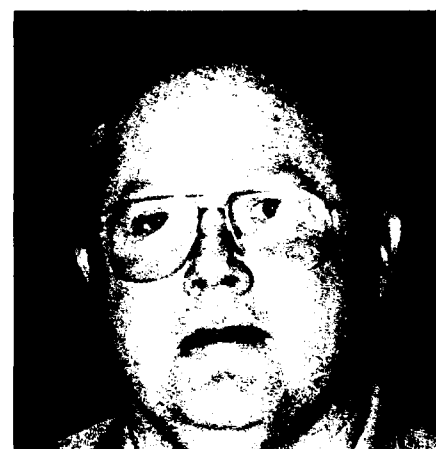
**"Elegance" score: moderate to high.**

#### **Decision Support Information**

Management information systems abound within Navy medical treatment facilities. They process voluminous data to primarily meet a variety of separate external reporting requirements. The systems are non-interactive, not being designed to provide a user-friendly set of management reports for an RMC or QMB. Management information staffs are sized and trained to support large-system data production, not microcomputer



**Captain B. A. Roelofs developed an administrative manual for clinical program managers.**



**Captain S. K. Yowell instituted quarterly clinical department head training.**

data analysis, and are difficult to grow in a constrained staffing environment. The information the RMC needs most often comes from individual departments using microcomputers to re-process and re-format the data. Formatting and analysis is often accomplished by staff untrained and inexperienced in supporting executive management decision-making. Given this, what Captain Boland calls the "information architecture" supporting the RMC is primed to be quality- and analysis-poor. Staffers are doing a heroic job to improve on this, and some real gains have been made in all areas. However, until a properly sized and trained management analysis staff is authorized and resourced, progress in this area will remain difficult and slow.

**"Elegance" score: low, but improving.**

#### **Time Management**

As Captain Boland presented, the RMC meeting schedule was designed to save the executive staff much time via fewer and shorter sessions. This was largely unsuccessful at first, as participants were gaining experience with their roles and responsibilities. Remarkable improvement in time-management discipline has occurred over the past two years, again thanks to TQL. Meetings are now being held only when a legitimate, well-developed agenda exists and are routinely held to one hour or less.

**"Elegance" score: high!**

#### **Achievement of Positive Outcomes**

##### **PPBS**

Development of a legitimate command planning function has experienced dramatic success to date. Captain Boland led the creation of the Plans, Programs and Analysis (PPA) Department by consolidating existing health-service-contracting, management analysis and manpower functions. Successive Planning Officers have been developing cost-analysis capability to identify which clinical programs are more cost-effective within the military system than under CHAMPUS or Supplemental Care programs. Program development plans are increasingly formulated on this basis, with active involvement of line management from "profitable" programs. Resource sharing agreements are developed through the CHAMPUS Reform Initiative (CRI) to support hospital services while saving CHAMPUS dollars. We now have active or developing sharing agreements in dependent pediatrics, OB/GYN, cytology, same-day surgery, orthopedics and mental health. Service agreements are being developed with civilian providers to significantly lower supplemental care costs, with an initial focus on OB/GYN care at remote clinic sites. This planning process is integral to a developing comprehensive coordinated care program throughout our catchment area.

**"Elegance" score: high!**

Captain Rowley and our TQL Coordinator, Captain E. K. Kozero, have led the RMC through a comprehensive strategic planning process this



**Captain E. K. Kozero led the RMC through a comprehensive strategic planning process.**

past year. A two-day multi-disciplinary planning retreat was held to revisit the command's vision, mission and guiding principle statements and develop firm command goals, strategies and objectives to support a six-year plan. In addition to its significant representation in the retreat, middle management is being directly involved in defining the actions departments must take to fulfill those objectives. A task force of middle managers has also been created specifically to develop a marketing capacity to support plan implementation. The success of this initial thrust has been remarkable, but consummation of a living plan through long-term commitment to implementing action is at risk due to significant turnover at the executive level this year.

**"Elegance" score: moderate, with much hope.**

As said, much work remains to be done to provide useful and accurate management information in support of the RMC's planning role. Development of a firm relationship between planning, programming and budgeting functions is yet in its infancy. We remain short of resource acquisition truly reflecting a living long-range planning process, i.e. POM, budget and mid-year review submissions to BUMED supported by six-, two- and one-year plans.

**"Elegance" score: low, but gaining ground.**

#### **Program Management**

One measure of success in program management is the degree to which real resource management responsibility, authority and accountability is moving from support departments to line management. This is proceeding well with planning, finance, health-service contracting, civilian personnel, equipment and space management, with room to improve in each area. We need more focus on military personnel, information systems, facilities and materiel management. In some of these areas this is difficult to accomplish except through the fullest adoption of the TQL program. In planning and operations, the QMBs will pave the way.

**"Elegance" score: moderate.**

Concrete positive outcomes are indeed occurring. Because of its focus on improvement, the RMC process is providing real progress in almost every area. I've already discussed our impressive gains in planning and health service contracting. I'll expand on some other noteworthy accomplishments which have resulted from the full involvement and support of the RMC itself:

- **Materiel Management:** One of the earliest successes was with private sector contracting. Being significantly under-resourced, productivity and morale in this function was at an all-time low and declining three years ago. Led by Captain Boland, the Materials Manager and his procurement staff employed TQL methods to identify and address needs. With staffing and the work environment enhanced to optimal levels, productivity and morale have since been remarkably high.

**"Elegance" score: high**



**Captain A. G. De Prima**



**Captain G. V. Meskill**

**Captain A. G. De Prima and Captain G. V. Meskill (pictured above) set the example for cost-effective program management.**

- **Management-to-Payroll:** This remains one of the most impressive RMC process improvements to date. Sound management control of civilian personnel expenses is one of BUMED's highest priorities within its resource management program. Staff of the Financial Management and Civilian Management Departments developed an extremely effective control process which now supports the RMC with a well-managed data base and user-friendly management reports. This permits it the firm grasp of position management it requires to rationally manage the size and composition of its civilian work force. The command has so effectively worked within the controls imposed by higher authority that it enjoys the fullest credibility and support within BUMED with respect to its civilian personnel requirements.

**"Elegance" score: high!**

- **Financial Management:** This was from the beginning the principal focus of the RMC, with related process development to set the pace for other resource management areas. Successes in this arena have been particularly impressive with respect to program management development. I fully implemented a process vesting the RMC and all program managers with maximum allowable responsibility, authority and accountability for their management of command operating targets (OPTARs) While he remains ultimately responsible and accountable to the Commanding Officer for command financial management, the Comptroller now focuses much more attentions on design of the resource management system and facilitating, educating and supporting the Commanding Officer, RMC and program managers in their roles in it. His budget staff actively supports this effort, routinely facilitating fiscal communications and problem solving between and among the RMC and program managers.

For the past two years, each Director has assumed responsibility for his departments' OPTAR management and been active in all phases of the budget cycle. The Director for Nursing Services, Captain A. G. De Prima and Director for Administration, Captain G. V. Meskill set examples for all to emulate in establishing firm, cost-effective control over their program managers.

**"Elegance" score: high!**

#### **Cost-Effectiveness**

I already spoke to some of the achievements being realized in the CHAMPUS and Supplemental Care arenas. Other successes are developing because of the new financial management process. With all command funds distributed, the Directors and program managers now have to truly compete for available resources, as well as directly negotiate solutions to shortfalls. As the new program parallels TQL development, and cooperative rather than adversarial relationships grow, an atmosphere of conscious and purposeful cost control is fast developing. The Director of Ancillary Services, Commander T. G. Goldfarb has led this thrust. The Pharmacy Officer aggressively pursues pharmacy cost-control with the Pharmacy and Therapeutics Committee. The Radiology Officer provides significant

cost-savings by closely managing supplemental care referrals in his department. The Planning Officer has assisted him in arranging a CRI sharing agreement for MRI services that leads to still further savings. The head of Utilization Management is creatively pursuing all possible avenues to enhance focus on utilization review and management as the primary opportunity for significant command cost-savings over time.

Physicians and resource managers alike are anxiously awaiting soon-to-come capacities to measure workload and productivity in terms of complexity and intensity of care (DRG and CPT coding). This will finally provide common ground for firmly relating productivity to allocation of command resources, consistent with BUMED's insistence that workload must drive budgeting. As they multiply, these developments should define the ingredients of a true, committed command cost-effectiveness program.

**"Elegance" score: moderate and improving.**

### **Comptrollership**

The financial management successes described above translate to much-improved comptrollership at this command. Improvement will continue relative to successes in all other aspects of this resource management program. Captain Boland referred to a recent BUMED directive by which the Navy's Surgeon General redefined the role and organization of the Comptroller function at field medical activities. This transition is difficult and meeting continued political resistance throughout Navy Medicine because it elevates resource management to a higher priority in organizational affairs than ever before. What we are implementing at Naval Hospital, Camp Pendleton embodies the full intent of that directive. The successes we are experiencing fully justify this change in the way we all must do business, this "paradigm shift."

**"Elegance" score: moderate and steadily improving.**

### **Looking to the Future**

True "elegance," as Captain Boland intends it, cannot be easily or cheaply obtained in this or any new program development. It takes much commitment, time, effort and resources to be completely and lastingly achieved. This very promising evolution in our resource management culture is now entering its fourth year.

Current outcomes suggest overall moderate "elegance" has been achieved to date, an outcome we view as very positive. As with TQL, this is just what we should expect at the three-year mark if program implementation is top-down and being properly phased with staff education, involvement and experience.

The RMC is now truly a "going concern" unlikely to disappear with changes in command leadership. Executive management is indeed making a lasting paradigm shift. We are now heavily investing in the transition of this "buy-in" to the middle management level and beyond.

We are very seriously continuing what Captain Boland began and are very proud of our accomplishments to date. We can't yet claim success, i.e., high "elegance," but we certainly do sense we will achieve it. We must maintain our very rational implementation strategy and ensure we hold our



**Commander T. G. Goldfarb**  
aggressively pursues ancillary  
services cost-control.

gains. When true "elegance" is obtained, Naval Hospital Camp Pendleton's model will be well worth emulating throughout Navy Medicine.

### References

1. Bartlett, C. A. and S. Ghoshal, "Matrix Management: Not a Structure, a Frame of Mind," *Harvard Business Review* (Jul-Aug1990).
2. Boland, L. J., "The Naval Hospital Resource Management Council," *Navy Comptroller*, Vol. 2, No. 1 (Oct 1991), pp. 4-11.
3. Barker, J., Seminar: "Paradigms, Quality, Vision," San Diego, Jan 1992.

### About the Author

Murray H. Smith is a 1964 graduate of Miami University in Oxford, Ohio and earned a Master of Science in Hospital and Health Services Administration in 1979 from Ohio State University in Columbus, Ohio. While on active duty, he served as Comptroller at the Naval Hospital Okinawa (Japan), Naval Medical Command Northwest Region (Oakland, CA) and Naval Hospital Camp Pendleton (CA). He retired as a Lieutenant Commander, Medical Services Corps, USNR, in October 1992 and currently serves as Deputy Comptroller at Naval Hospital Camp Pendleton. He helped design and implement the RMC concept.



Naval Hospital, Camp Pendleton's Executive Steering Council (ESC) in session.

# Defense Pay System Conversion

## DFAS answers questions for retirees and annuitants



The information in this article was provided by the DRAS Program Office and released by the Defense Finance and Accounting Service-Headquarters, Public Affairs Office, Ms. Jean Marie Ward, Commercial phone number 703-607-2821.

### What is the Defense Retiree and Annuitant Pay System (DRAS)?

DRAS will be the Department of Defense (DoD) system to process retired pay and annuities for all military retirees and annuitants. The system's objective is to replace the eight current retiree and annuitant payroll systems with a standardized, centralized system which can interface with applicable personnel, accounting and disbursing systems, thereby reducing costs and improving customer service.

DRAS will operate at two locations; payments to all military retirees will be processed at the Defense Finance and Accounting Service-Cleveland Center (DFAS-CL), and annuity payments will be processed at the Defense Finance and Accounting Service-Denver Center (DFAS-DE).

### When will DRAS be implemented?

Many of the annuitant account conversions necessary to implement DRAS DoD-wide have already begun. DFAS-DE will process Navy annuitant pay beginning with the first payday in June 1993. The Center will begin processing Marine Corps and Army annuitant payments in December 1993 and December 1994, respectively.

Regarding retiree accounts, DFAS-CL will begin payroll processing for Air Force retirees in September 1993, for Marine Corps retirees in December 1993, and Army retirees in December 1994.

Payroll processing for Air Force annuitant accounts and Navy retiree accounts are already operating under DRAS and will remain at DFAS-DE and DFAS-CL, respectively.

### Who will be affected by the conversion to DRAS?

All military retirees whose pay is not currently processed by DFAS-CL and all annuitants whose pay is not currently processed by DFAS-DE will convert to DRAS by December 1994. However, other than the change in the location of some payroll offices, DFAS expects the conversion to be virtually transparent to our retired and annuitant customers. There will be no interruptions or delays in payroll service due to the conversion.

### **How will the customer be affected?**

Individual retirees and annuitants will notice very little impact other than the physical transfer of their account from one DFAS Center to another. There will be no interruption or delays in payroll service due to the conversion to DRAS. However, DFAS anticipates overall service to individual retirees and annuitants will improve as the system is implemented. Toll-free (1-800) customer service lines will be enhanced. Interactive voice response technology and expanded field level data communications support will also be implemented.

### **Are payment delays expected?**

The DRAS implementation plan has incorporated several standards which will ensure accurate and timely payments at the time of conversion and for all subsequent payments. These standards are measurements of the quality of service provided by DRAS. The system's standards of performance measure the amount of time elapsed between an individual's retirement and his or her first retired pay, the amount of time elapsed between a notification of a retiree's death and the annuitant's first pay, the amount of time it takes to respond to pay inquiries, and the amount of time a retiree or annuitant waits on the phone after having indicated a desire to speak with a DRAS representative.



### **How will notification occur?**

Every retiree and annuitant will receive a letter from the gaining DFAS Center within a few weeks before their account is scheduled for conversion and payments by the gaining payroll center are scheduled to begin.

### **Will payment dates change?**

Retiree and annuitant paydays will not be affected by DRAS. All retirees and annuitants are currently paid on the first business day of the month following the month of entitlement. This process is determined by law and we will continue to abide by the statute.

### **What actions must retirees and annuitants take?**

The conversion of accounts will occur automatically. Retirees' and annuitants' current direct deposit information, including the location of their financial institution will be automatically forwarded to the central processing site. Payment into accounts will not be interrupted. No intervention in the process is needed.

### **Who will answer questions?**

After the accounts are in the new system, retirees should address questions regarding their pay to:

DFAS-Cleveland Center, Directorate for Retired Pay  
Anthony J. Celebrezze Federal Building, 1240 East Ninth Street  
Cleveland, OH 44199



Or Call: Toll Free: 1-800-321-1080 Commercial: 216-522-5534

After the accounts are in the new system, annuitants should address questions regarding their pay to:

DFAS-Denver Center

DFAS-DE/RB6760 East Irvington Place

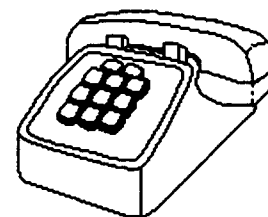
Denver, CO 80279-6000

Toll Free: 1-800-435-3396 Commercial: 303-676-6039/6149/6646

### **How can a single DFAS Center handle so many customers?**

A major DFAS goal is to provide more effective and efficient customer service. Therefore, to improve the current service environment, DRAS will provide military retirees and annuitants with the following:

- customer service at some military bases
- inter-active voice response technology
- automatic call distribution system
- improved service using 1-800 toll-free numbers, and
- expanded field level data communications support



The DRAS Program Management Office is also reviewing other advanced applications which could lead to further improvements in customer service to retirees and annuitants.

### **How can interested individuals get more information on DRAS?**

At regular intervals, DFAS will provide bulk mailings to DRAS retirees and annuitants, place articles in local newsletters, retirement periodicals, and other national military publications. Questions on individual accounts should be directed to the appropriate DFAS Center.

General questions on the program may be addressed to Defense Finance and Accounting Service, Attn: Office of Public Affairs (DFAS-HQ/CE), 1931 Jefferson Davis Highway, Arlington, VA 22304-5291.

### **Won't consolidation mean that problems are compounded?**

DRAS was selected as the DoD retiree and annuitant pay system because its capabilities will enhance customer service, reduce costs, and alleviate many of the problems associated with current retiree and annuitant pay systems.

DRAS customers who need to address problems or inquire about their pay status will benefit from easy access to the account maintenance clerk. Installation-level support will be enhanced through the use of advanced data communications technology. Uniform interpretations of pay regulations and standardization of operating procedures, forms, and training will benefit pay clerks. In addition, through standardization and consolidation, DFAS anticipates saving the government approximately \$5 million annually.

### **Will DRAS affect staffing at DFAS Centers?**

Full implementation of DRAS is expected to reduce the total number of DFAS employees processing retiree and annuitant pay from 897 to 655.

# O&S Spending and Force Size

## A relationship analysis

by Robert J. Vento, Lieutenant, United States Navy



The portion of the Department of Defense (DoD) budget that pays for the operating and support (O&S) costs of this nation's military forces has had, on average, a real (inflation-adjusted) growth rate of approximately two percent per year for the period 1980 to 1988 (CBO, 1988, p. ix).

During the 1980s, the military force structure (i.e., the size and composition of the military forces) peaked and has since been declining. However, the spending required to operate and support these forces has not followed suit. Should there be a relationship between force structure and O&S spending and, if so, is it realistic to expect that the O&S spending should also be in decline? A more detailed review is necessary of the accounts that constitute O&S spending before those questions are addressed.

The majority of the O&S budget is contained in the Military Personnel and Operation and Maintenance (O&M) accounts. These two appropriations make up approximately half of the total DoD budget every year. With a changing environment that includes reclassification of expenses (e.g., from investment to leasing) and variations in policies (e.g., from contracting out to performing in-house), the internal composition of these O&S accounts varies. However, their primary objectives remain unchanged.

The Military Personnel accounts finance the pay, allowances, bonuses and benefits for all active, reserve, and retired personnel. The O&M appropriations pay for a much more diverse collection of activities, such as fuel purchases, weapon system repairs and maintenance, military health care, personnel subsistence and housing, and the operation and support of military bases worldwide.

The largest portion, 40%, of the O&M accounts is DoD civilian personnel pay (CBO, 1992, p. 65). However, even though the O&M appropriations constitute approximately one-third of DoD funding, they remain the least understood portion of the budget (Cain, 1992, p. 1).

A decrease in military end strength would lead to an approximately proportional reduction in the Military Personnel appropriation's Total Obligational Authority (TOA), but the effect of a force reduction on the O&M appropriation is not so apparent.

This study investigates the relationship between the Navy's O&M (O&M,N) TOA and the size of its forces.

## Objectives

Any analysis at the appropriation level for the heterogeneous mixture of programs and activities that constitute the O&M,N account would have to be multi-dimensional and elegantly complex to capture the vast array of "cost drivers" that make up this account. In the late 1970's, the Congressional Budget Office (CBO) developed a simple estimating model to predict O&S spending based on the number of "major" forces (i.e., the number of Army divisions, Air Force and Navy air wings, and Navy ships) and found only 35% of O&S spending was directly related to the size of the forces, i.e., only 35% were "variable" costs (CBO, 1988, p. x). However, a trade-off must be made when constructing a cost estimation model between accuracy and utility. The accuracy of an elaborate, multi-variable cost estimating relationship may not be worth much as a management tool if it is too cumbersome, complex or inflexible. Likewise, a simple, methodical cost estimating model that yields erroneous or insignificant results is equally unproductive. This study's objective is to determine if there is a relationship between the Navy's O&S spending and the size of its forces. The O&M,N account will be divided into various activity "subcategories" and the relationship between these subcategories' O&M,N TOA and a specially constructed measure of force structure will be evaluated. Using functionality categories to classify the account, the usefulness of force structure as a predictor for each activity will be analyzed separately. The O&M,N account will be divided into mission-related and infrastructure categories, with the former representing direct, fleet support and operational spending, and the latter representing the installation support, infrastructure and personnel-related O&S costs. It is noted that making this absolute division of mission-related and infrastructure spending is not completely accurate. Many installation support and personnel costs are often mission-related. However, they frequently are not easily identifiable as being associated with a specific mission. To simplify the analysis, these costs were pooled in the infrastructure category.

The force structure that will be used to predict O&M,N TOA will be specially constructed for this study. The individual elements of the force structure will be "indexed" to their relative support costs, using an independent O&S expenditures database. In other words, each class of ship, submarine and aircraft will no longer contribute an amount to the

*"The accuracy of an elaborate, multi-variable cost estimating relationship may not be worth much as a management tool if it is too cumbersome, complex or inflexible."*

overall force structure based solely on the number of units available in that class, but now it will contribute the number of units and their relative O&S costs. Each class input will, therefore, be "weighted" with its annual O&S expenditure rate. The result will be a refinement to the mundane force-spending analysis that frequently produces insignificant or uninteresting conclusions.

### Research Databases

This study has two primary data sources. The first is the "regression" database (the components from which the dependent and independent variables are constructed) and the second is the O&S expenditure "equivalent unit" database.

### Regression Data

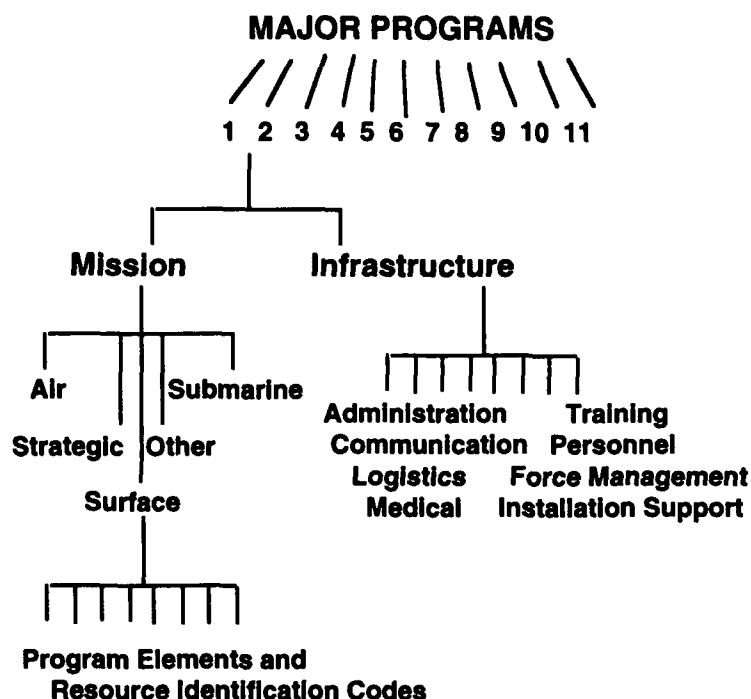
The regression data are derived from the DoD Future Year Defense Program (FYDP). The FYDP is generated by the Office of the Assistant Secretary of Defense (Comptroller) and details the TOA, force structure (i.e., the number of ships, submarines and aircraft) and manpower end strengths for each of the military departments and DoD agencies. It is divided into eleven Major Programs, with each program including both mission and support elements. These Major Programs are further divided into program elements (PEs), each of which is a grouping of TOA, forces and manpower associated with one or more organizations, functions or projects. This analysis focuses only on the PEs associated with the O&M,N appropriation.

The force structure information contained in the FYDP is detailed by PE and resource identification code (RIC). An RIC identifies the number of units in the fleet that can be attributed to a specific PE. Each RIC, represented by a four digit number, indicates the number of ships, submarines or aircraft, by class, that are in a commissioned status for each fiscal year. These RICs can then be "mapped" to their appropriate PEs, so that each PE has the respective force structure for which its TOA is intended to be used. A fictitious example of an RIC to PE mapping, for the PE 0204225N (Frigates—Non-Missile) and its associated four RICs, is shown in Figure 1.

**Figure 1: Fictitious Example of RIC to PE Mapping**

PE	RIC	NAME	FYX0	FYX1	FYX2
0204225N		Frigates-Non-Missile	61	58	55
	2701	FF1037 Bronstein Class	3	1	2
	2702	FF1040 Garcia Class	8	9	10
	2703	FF1052 Knox Class	48	46	42
	2704	FF1098 Glover Class	2	2	1

As previously mentioned, this study divides the large, heterogeneous O&M,N account into various individual activities to allow for a more detailed evaluation of the spending-force structure relationship. To facilitate individual activity analysis, the relevant PEs are divided into two major categories—mission and infrastructure (see Figure 2).



**Figure 2: Illustration of Program and Category Breakdown**

### **Mission Category**

The mission category is broken down into five subcategories, with the first four being the "primary" mission subcategories. These subcategories are:

1. Air
2. Strategic
3. Submarine
4. Surface
5. Other

The Air mission subcategory contains all of the PEs associated with the operation and support of Naval aviation, with the exception of the PEs reflecting the aviation infrastructure. The infrastructure PEs for each of the missions are consolidated into the individual infrastructure subcategories, as described in detail below. In addition to naval aviation, the Air mission subcategory also contains PEs attributed to Marine Corps aviation, since the Navy pays for all operation and support (less manpower) of Marine Corps aviation.

Similar to the Air mission subcategory, the Strategic, Submarine and Surface categories are constructed in a straightforward manner. Each contains the requisite PEs for the operation and support of its respective fleet. For programs and services that are not limited to one subcategory, a simple "allocation" of the affected PE's resources is made to the appropriate subcategories.

The final mission subcategory, labeled "Other," is a collection of miscellaneous and special PEs that are not readily identifiable as being directly associated with one of the four primary mission subcategories.

However, each PE is definitely mission-related, not an infrastructure activity, and therefore is included in the mission category. An example of an "Other" mission PE is 0204424 Explosive Ordnance Disposal Forces.

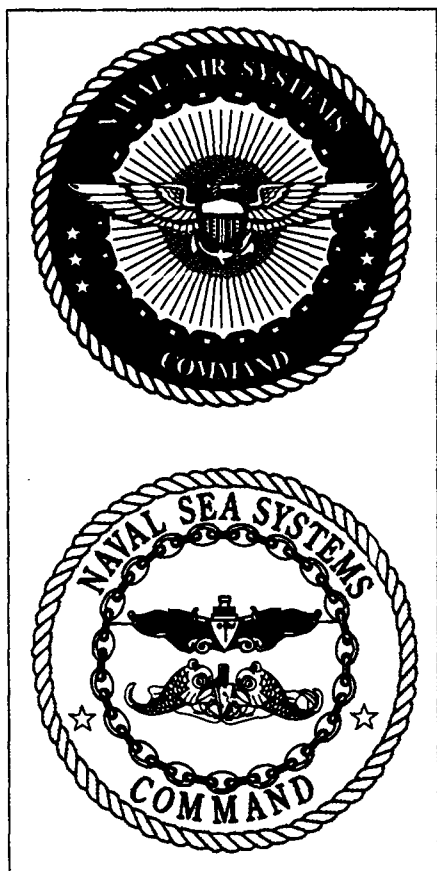
#### Infrastructure Category

The Infrastructure category is divided into eight subcategories that were developed for the Office of the Secretary of Defense (Program Analysis and Evaluation) by the Institute for Defense Analysis (IDA) (Wilson, 1992).

These subcategories are:

- Administration
- Communications
- Force Management
- Installation Support
- Logistics
- Medical
- Personnel
- Training

In general, the PEs assigned to each of these subcategories are either directly linked to that subcategory's major function (e.g., PE 0301333N Fleet Intelligence Support is contained in the Communications subcategory) or are a direct effect of a general support base that primarily performs that subcategory's function (e.g., PE 0301196N Base Operations-Cryptologic is contained in the Communications subcategory).<sup>1</sup> In other words, each subcategory contains its respective infrastructure service or function performed for the active fleet, as well as a portion of the general support bases' multiple infrastructure elements (e.g., Base Operations and Management Headquarters).



#### O&S Expenditure Equivalent Unit Database

The second database is the equivalent unit database. This O&S cost database, used to index the force structure variables, must be statistically independent from the O&M,N data. Therefore, data sources that reflect expenditures, i.e., actual spending rather than budgeted spending, are chosen to construct the O&S expenditure equivalent unit database. For the Surface, Submarine and Strategic missions, the O&S data from VAMOSC-SHIPS are used. For the Air mission, similar data from VAMOSC-AIR are used.

The VAMOSC program collects, processes, stores and reports historical O&S data (mostly expenditures, but some cost data are obligations) for active and reserve fleet units, as well as for individual weapon system components, missiles and torpedoes. VAMOSC-AIR was developed in 1976 while VAMOSC-SHIPS was developed in 1977. The individual reports were maintained separately by the Naval Air Systems Command (NAVAIR) and the Naval Sea Systems Command (NAVSEA), respectively. However, since October 1991, the responsibility for both VAMOSC reports has been centralized under a single program manager at the Naval Center for Cost Analysis (NCA) (who works closely with the program's contractor, Information Spectrum, Inc.). (ISI, pp. 1-3, 1992)

Since 1987 a rejuvenation of interest in O&S expenditure data has focused more attention on VAMOSC-AIR. The result has been the

development of a formalized source data network, implementation of standard verification and validation programs, and many other management initiatives to uncover and correct any known reporting deficiencies (Doermann, Flynn, Stewart interview, 1992).

Validated VAMOSC data are recommended by the OSD Cost Analysis and Improvement Group (CAIG) as the O&S cost reference for development of O&S cost analyses (OSD CAIG, 1992, p. 3-7).

## Research Methodology

### Data Preparation for the Analysis

The methodology for developing the equivalent unit database is as follows:

1. A "base" class is chosen for each of the four primary mission force structures. The base class selection is intended to create a recognizable, current, and prevalent force structure variable. The choices have no effect on the actual analysis, as will be discussed below.
2. The base classes are used to index each of the primary missions' force structure platform classes to a common denominator. This means that an individual platform class' VAMOSC O&S costs are divided by the base class' VAMOSC O&S costs, creating an O&S expenditure equivalent unit index. For example, the CVN68 Nimitz class has an O&S cost of \$81.544 million. Using the DD963 Spruance as the base class, with a VAMOSC O&S expenditure rate of \$26.060 million, the CVN68 Nimitz class has an equivalent unit value of 3.129. As one can see, selecting a different base class is equivalent to multiplying the data set by a constant and, therefore, only alters the resulting coefficients and not the actual analysis. This is done for every class in each of the primary mission force structures to create the O&S expenditure equivalent unit database used to index the force structures.

For this study, the base classes are the F/A-18A, SSBN640, SSN688, and DD963 for the Air, Strategic, Submarine, and Surface missions, respectively. As mentioned above, the selection of these classes is only intended to create a recognizable, current, and prevalent force structure variable. No implication of an "ideal" or "model" class is intended, nor is there any implied comparability within these missions.

The force structures for each of the primary missions are detailed by RIC and mapped to the appropriate PEs. It is at this RIC level of detail that the O&S expenditure equivalent unit data is applied. By multiplying the quantity of platforms in a class, listed by RIC, by the class' equivalent unit value, an O&S indexed force structure is developed.

In Figure 3, a simple example illustrates the procedure, using the FYX0 data from Figure 1. By taking each class line item's quantity, multiplying it by the respective expenditure equivalent unit value, and summing it to the PE level, each PE's input to the O&S indexed force structure is calculated.

Figure 3, a fictitious example of force structure calculation, is pictured on page 22.



Figure 3: Fictitious Example of Force Structure Calculation

PE	RIC	NAME	Qty	Equiv Value	Indexed Units
0204225N		Frigates— Non-Missile			
	2701	FF1037 Bronstein Class	3	X 0.307=	0.921
	2702	FF1040 Garcia Class	8	X 0.502=	4.016
	2703	FF1052 Knox Class	48	X 0.470=	22.56
	2704	FF1098 Glover Class	2	X 0.355=	<u>0.710</u>

=====> This PE's "O&S weighted" Force Input= 28.207

Once the O&S equivalent unit data has been used to index every PE, each primary mission subcategory's PEs are then totaled to yield that mission's force structure. The result is four mission force structures for each year of the analysis. In the previous example, the indexed force input for the PE 0204225N Frigates—Non-Missile would be added to the PEs representing the aircraft carriers, amphibious, support and other forces that constitute the Surface mission subcategory.

For the four primary mission subcategories' TOA analyses, the respective individual force structure is used as the explanatory variable. However, for the Other mission and the eight infrastructure subcategories, a "total" force variable is used. This total force is simply an aggregation of the four primary mission force structures, converted to a common base class. The base class for the total force is the DD963 Spruance class (it is recognized that this aggregation creates some cross-mission comparability problems).

The explanatory variable data set for end strength and the dependent variable data set for O&M,N TOA are constructed simply by aggregating the subcategory's designated PEs' end strength and TOA values (end strength is used as a second predictor for O&M,N TOA to allow for the comparison of the force structure analyses' results).<sup>2</sup>

### Regression Analysis

To examine the relationship between the indexed force structure and the O&S spending, an estimate of the relationship's parameters or coefficients has to be made.

Ideally, the relationship could be characterized by the simple equation:

$$Y = b_0 + b_1X$$

where  $b_0$  and  $b_1$  are constants,  $X$  is force structure and  $Y$  is O&M,N TOA. This is an example of a simple linear equation.

However, not all relationships have a one-to-one mapping of the dependent ( $Y$ ) and independent ( $X$ ) variables (i.e., there is some "randomness" to the relationship). In this case, the simplest form of a linear relationship is characterized by the equation:

$$Y = b_0 + b_1X +$$

where  $b_0$  and  $b_1$  are constants,  $X$  is force structure,  $Y$  is O&M,N TOA and is the random disturbance. This is an example of the simple linear regression equation that will be employed for this study.<sup>3</sup>



The results of the regression model can be interpreted using various statistical tests to assess their significance and to measure their validity relative to the sample data. The results of these statistical tests for each analyses are included as end notes to this study.

## Presentation and Interpretation of Results

### Mission Results

Each of the individual subcategory's results are interesting and deserve review but, due to the constraint of time, only the results that are statistically significant will be addressed here.<sup>4</sup>

#### Air Mission

The end strength analysis yields the more significant results for this subcategory and the equation is:

$$Y = -421780 + 108 E$$

where Y is O&M,N TOA and E is the manpower end strength.<sup>5</sup> The equation shows that for an additional unit of personnel end strength in the Air mission subcategory, there is an estimated increase of \$108,000 in O&M,N TOA (all equations' coefficients and values are expressed in thousands of constant FY91 dollars). This equation explains 54% of the O&S spending variability in this subcategory (i.e., the equation's R<sup>2</sup> = 54%).

#### Strategic Mission

The indexed force structure analysis' regression equation for this subcategory is:

$$Y = 200110 + 45158 F$$

where Y is O&M,N TOA and F is the indexed force structure.<sup>6</sup> The equation shows that the incremental change in O&M,N TOA estimated for a unit change in Strategic force structure is \$45,158,000. That is, for an additional SSBN640 class submarine (i.e., the equivalent unit base class), this equation estimates an increase of \$45,158,000 in O&M,N TOA necessary to operate and support the unit. However, only 43% of the Strategic subcategory's variance is explained with this equation.

#### Submarine Mission

The end strength analysis' regression equation is:<sup>7</sup>

$$Y = -418614 + 98.5 E$$

While the equation explains a mere 23% of the variability in this subcategory's data, it shows that the incremental change in O&M,N TOA estimated for a unit change in Submarine end strength is \$98,500.

#### Surface Mission

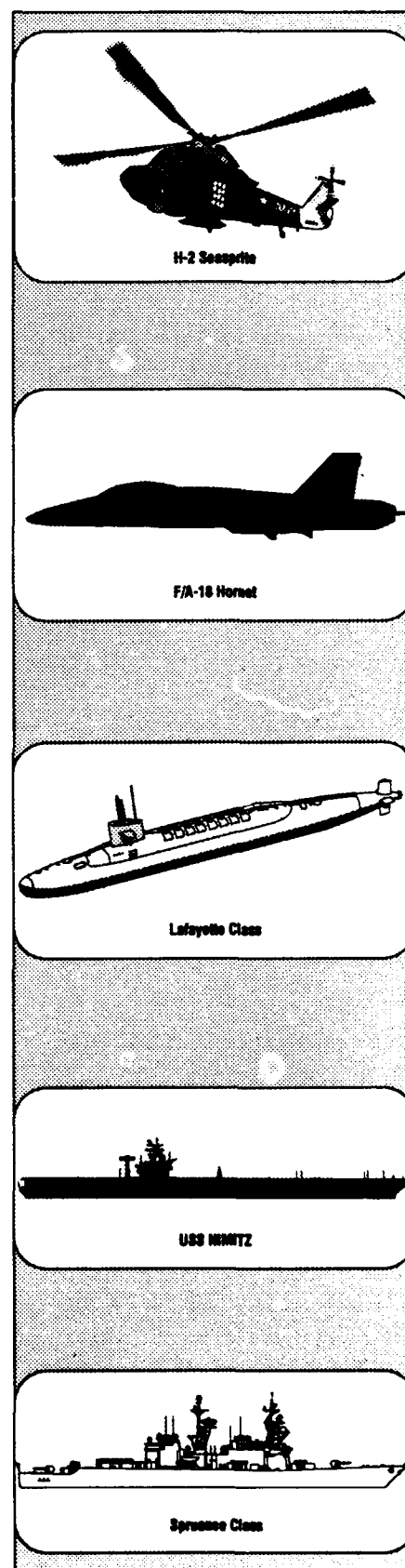
The equation for the Surface indexed force structure analysis is:<sup>8</sup>

$$Y = -503984 + 38419 F$$

The equation estimates an additional \$38,419,000 in O&M,N TOA to operate and support an additional DD963 ship. A total of 69% of the Surface data's variance is explained with this equation.

#### Total Mission

The "total" mission category, which is simply the aggregate of the five individual mission subcategories, is analyzed using the "overall" force structure (in DD963 equivalent base units) and "overall" end strength as



the explanatory variables. This category's analysis is a consequence of reviewing the five individual missions' somewhat ambiguous results, and desiring an overall measure of effectiveness in explaining the mission O&M,N TOA.

The resulting equations from these analyses are:

$$Y = -687754 + 46354 F$$

$$Y = -1122151 + 85.9 E$$

where Y is O&M,N TOA, F is the indexed force structure and E is manpower end strength.<sup>9</sup> The first equation estimates an additional \$46,354,000 in overall mission's O&M,N TOA for incremental changes in force structure, and accounts for 50% of the overall mission data's variability. The second equation, with an estimated variable cost of \$85,900 per end strength unit and an explanation of 57% of the category's variance, yields significant results also.

### Infrastructure Results

#### Total Infrastructure Category

The result of the Total infrastructure category's force structure analysis is:<sup>10</sup>

$$Y = -4104561 + 31377 F$$

This equation estimates an incremental change of \$31,377,000 in infrastructure O&M,N TOA for a unit change in force structure (recall that the base class is DD963 for the infrastructure category). A full 69% of this category's variability is accounted for with this equation.

#### Administration

The following equation is the result of the indexed force structure analysis:

$$Y = -728358 + 3450 F$$

estimating an administrative support TOA variability of \$3,450,000 for incremental changes in force structure and explaining 69% of the Administration data's variance.<sup>11</sup>

#### Logistics

The force structure analysis produces the following result:

$$Y = -2263909 + 19650 F$$

accounting for 61% of the Logistics variability and predicting an estimated \$19,650,000 increase in O&M,N TOA required to provide the logistics support for an additional force unit.<sup>12</sup>

#### Medical

The Medical subcategory's indexed force structure analysis results in the following equation:<sup>13</sup>

$$Y = 91007 + 2867 F$$

Estimating \$2,867,000 in medical support for each additional force unit, this equation significantly predicts the Medical O&M,N TOA. However, it only explains 30% of the variance in this subcategory's data.

#### Personnel

The force structure equation, accounting for 75% of the Personnel data's variability, is:<sup>14</sup>

$$14Y = -90448 + 2164 F$$

It shows an estimate of \$2,164,000 additional personnel support TOA for incremental changes in force structure.

### Training

The following equation is the result of the indexed force structure analysis:  $Y = -313794 + 4495 F$  estimating a training support increase of \$4,495,000 per incremental change in force structure and explaining 56% of the variance for this subcategory.<sup>15</sup>

### Findings and Conclusion

It was expected that the O&S expenditure indexed force structure would be more successful in explaining the O&M,N TOA for the mission category, since it consists of direct, fleet support and operational funding elements. However, it was only moderately successful. It predicted quite well the TOA variance for the Strategic and Surface mission subcategories, yet failed to substantially explain the Submarine mission subcategory's TOA variability. The force structure's performance as an explanatory variable for the Air and Other mission subcategories was very poor, as the statistical disturbance present in the former data was not correctable, and the miscellaneous hodgepodge of PEs in the latter database was too complex for this simple force structure variable.

These varying degrees of success led to the analysis of the "total" mission category, in an attempt to determine an overall measure of effectiveness for the indexed force structure and end strength variables. The results for this aggregated category were statistically significant and indicate an overall acceptability of this variable for predicting and estimating O&M,N TOA. For the infrastructure category, the indexed force structure variable was surprisingly successful at predicting the aggregated Total infrastructure O&M,N TOA variances. With the force structure variable's failure in two of the individual subcategories (Communications and Force Management), the overall success of force structure in this broad category, with one of this study's most significant slope coefficient result, was unexpected.

The indexed force structure variable was very successful in explaining the variances for the Administration, Logistics, Personnel, and Training subcategories, while it was only moderately successful in predicting the TOA variance for the Medical subcategory. The force structure variable's failure in the Communications and Force Management subcategories may be due to the fact that within the relevant range of sizes of the force, these two activities represent a great deal of fixed investment and costs that are independent of the relatively minute variations in force structure. For example, the staffing and force management needs of a squadron may not change considerably for a 10% fluctuation in force size, as it may be the output of the squadron (e.g., number of fleet exercises) that "drives" its spending needs.

The objective of this study, to analyze and evaluate the relationship between the Navy's O&S spending and its force structure, has been successfully fulfilled. For the subcategories that produced significant results, there was a clearly demonstrated direct and positive relationship between the indexed force structure and the O&S spending. The individual subcategories produced different degrees of success for the force structure as a spending predictor, but overall the linkage between the O&M,N TOA and the size of the forces was fairly significant. The end

strength and indexed force structure analyses' results were consistent and comparable (which is somewhat expected as each is a similar measure of the size of the forces).

However, for the subcategories that produced significant results, the indexed force structure was a better predictor (i.e., had greater statistical significance) 64% of the time. Therefore, even though manpower end strength may be acceptable for predicting the O&S spending in these subcategories (which is surprising given the "capital-intensive" Navy), force structure has consistently proven to be the better explanatory variable.

The aggregated categories' results could be considered surprising as the direct, fleet support portion of the O&S spending was not as predictable as the more general infrastructure category. However, one also could reason that these seemingly conflicting results are a consequence of the budgetary process.

If the infrastructure-related activities or bases are closely scrutinized and held accountable for their funding (e.g., requiring funding justifications using the number of aircraft, ships or personnel that an activity supports), then highly significant TOA estimates employing force structure or end strength explanatory variables are expected.

Similarly, if the mission-related funding is justified using a measure of its forces, then equally significant estimations should result. However, since the latter result did not occur in this study, one might question why not? It is possible that the funding directly associated with support of the fleet is considered too important, as any cuts might critically impair military "readiness," that something other than force structure or end strength is used to justify it. This might explain the indexed force structure and end strength variables' lack of success for the mission category.<sup>16</sup>

The benefits of this study include both evaluative and budgetary applications. These results may prove to be another tool for cost analysts and budget analysts to use to enhance their understanding of O&S spending. They provide a basis for future studies in O&S spending, and lay the foundation for managers to be able to better evaluate and explain historical O&M,N expenditures.

The relationship between the O&M,N appropriation and the size of the naval forces has always been assumed, but this study proves that it exists and that it is quantifiable. However, the lack of perfect correlation between the O&S spending and the force structure demands explanation. What other "cost drivers" can be identified and can they be analyzed? Or is this variance a result of the budget process?

Unfortunately, this study cannot completely answer these questions and, therefore, more research is needed in this area if we are ever going to develop a full understanding of the Navy's O&S spending.

#### End Notes

<sup>1</sup>This essay uses the term "general support base" to describe a base or major activity with a primary function of fleet or installation support. An example of a general support base is a Naval Communications Station. On the other hand, a "mission-related base" describes a base or major activity

with a primary function of operating and supporting one or more specific warfare missions; i.e., a mission-related base is a Naval Air Station.

<sup>2</sup>Once a subcategory's TOA is determined, some minor adjustments must be made prior to these data being suitable for analysis. Since the FYDP TOA is in current year dollars, the numbers must be adjusted for inflationary effects and indexed to constant year dollars using the O&M,N (composite) weighted inflation indices, published by NCA, to adjust the values to a base year (which for this study is FY91).

Other adjustments are made to individual subcategory's TOA to "normalize" the data sets. For example, due to changes in the accounting practices for equipment modification installation expense, an adjustment must be made to the Submarine and Surface subcategories.

<sup>3</sup>Due to the time-series nature of these data, the statistical problem of autocorrelation is an issue. A transformation (Theil, pp. 303-305) is used to correct the data, and then a second regression is performed.

To test the success of this autocorrelation correction, the widely used Durbin-Watson test statistic is evaluated.

<sup>4</sup>The criteria for "significant" is an acceptable slope coefficient (5% significance for 17 degrees of freedom yields a critical t-ratio of 2.110) and a conclusive Durbin-Watson statistic ( $1.391 < DW < 2.609$ ), with no criteria for R<sup>2</sup>.

<sup>5</sup>The relevant statistics regarding this equation (Air): slope coefficient's t-ratio=4.32 and p-value=0.001, and Durbin-Watson statistic=2.18.6

<sup>6</sup>The relevant statistics regarding this equation (Strategic): slope coefficient's t-ratio=3.45 and p-value=0.003, and Durbin-Watson statistic=1.73.

<sup>7</sup>The relevant statistics regarding this equation (Submarine): slope coefficient's t-ratio=2.16 and p-value=0.047, and Durbin-Watson statistic=1.76.

<sup>8</sup>The relevant statistics regarding this equation (Surface): slope coefficient's t-ratio=5.91 and p-value=0.000, and Durbin-Watson statistic=2.22.

<sup>9</sup>The relevant statistics regarding the first equation (Total Mission): slope coefficient's t-ratio=3.98 and p-value=0.001, and Durbin-Watson statistic=2.19.

The relevant statistics regarding the second equation (Total Mission): slope coefficient's t-ratio=4.61 and p-value=0.000, and Durbin-Watson statistic=1.83.

<sup>10</sup>This subcategory is more accurately titled "Total Infrastructure (less Installation Support)" as the Installation Support subcategory is not included since it was not correctable for autocorrelation. The relevant statistics regarding this equation (Total Infrastructure): slope coefficient's t-ratio=5.99 and p-value=0.000, and Durbin-Watson statistic=1.80.

<sup>11</sup>The relevant statistics regarding this equation (Administration): slope coefficient's t-ratio=4.50 and p-value=0.000, and Durbin-Watson statistic=1.79.

<sup>12</sup>The relevant statistics regarding this equation (Logistics): slope coefficient's t-ratio=4.98 and p-value=0.000, and Durbin-Watson statistic=2.09.

<sup>13</sup>The relevant statistics regarding this equation (Medical): slope coefficient's t-ratio=2.65 and p-value=0.018, and Durbin-Watson statistic=2.21.

<sup>14</sup>The relevant statistics regarding this equation (Personnel): slope coefficient's t-ratio=6.88 and p-value=0.000, and Durbin-Watson statistic=1.85.

<sup>15</sup>The relevant statistics regarding this equation (Training): slope coefficient's t-ratio=4.51 and p-value=0.000, and Durbin-Watson statistic=1.78.

<sup>16</sup>Two sets of additional analyses were performed to remove inherent limitations in this study's methodology. The first was the development of a new variable which was the ratio of the two explanatory variables, end strength and indexed force structure. This technique resulted in a meaningful variable, end strength per force structure (i.e., personnel per ship), which was then used in a regression model for each of the "successful" subcategories. Unfortunately, the formation of this new variable created a more complex statistical disturbance which was not correctable and, therefore, prevented any meaningful evaluations.

The other additional analysis performed was an attempt to correct any "hidden" bias in the FYDP outyear data. One could conceive a scenario in which more attention is focused on realistic budget and force projections for the immediate future (i.e., a one to two year time span) rather than on the out years. Therefore, a better estimation model might be developed by analyzing only these historical and current years (FY80-92), rather than including the probably less-realistic outyear data. The results were less significant and provided a poorer estimation model for each of the subcategories.

This challenges the scenario described above and, therefore, the study's initial assumption of a consistent bias present for all of the FYDP data may, in fact, be a plausible reality. These results, as well as a more detailed account of this study, are contained in a thesis (of the same title) published by the Naval Postgraduate School.

### References

- Cain, S.A., "The Operations and Maintenance Budget," unpublished paper for Defense Budget Project, Washington DC, 1992.
- Congressional Budget Office of the Congress of the United States, *An Analysis of the President's Budgetary Proposals for Fiscal Year 1993*, 1992.
- Congressional Budget Office of the Congress of the United States, *Operation and Support Costs for the Department of Defense*, 1988.
- Information Spectrum, Inc., "Introduction to Untitled Report," unpublished report for Naval Center for Cost Analysis, June 1992.
- Information Spectrum, Inc., Visibility and Management of Operating and Support Costs (VAMOSC-SHIPS) FY81-90, Customized Report #91-67, 1991.
- Information Spectrum, Inc., Visibility and Management of Operating and Support Costs (VAMOSC-AIR) Cumulative Cost Averages for FY85-90 (special run report for this study), 1992.
- Interview between Al Doermann of the Naval Center for Cost Analysis, John Flynn and Sandy Stewart of Information Spectrum, Inc., and the author, 22-23 September 1992.

- Liao, S.S., *Regression Techniques for Managerial Planning and Control*, ch. 1, U.S. Naval Postgraduate School, Monterey, CA, 1990.
- Naval Center for Cost Analysis, *Inflation Indices and Outlay Profile Factors*, February 1992.
- Theil, H., *Introduction to Econometrics*, Prentice Hall, Inc., 1978.
- U.S. Department of Defense, Office of the Assistant Secretary of Defense (Comptroller), *The Future Year Defense Program Historical Summary and Program Element Detail*, 1992.
- U.S. Department of Defense, Office of the Secretary of Defense Cost Analysis Improvement Group, *Operating and Support Cost-Estimating Guide*, 1992.
- Wilson, J., *Defense Infrastructure Analysis*, unpublished report for Institute for Defense Analysis, Washington D.C., 1992.

#### **About the Author**

In recognition of his thesis work and academic performance at the Naval Postgraduate School, LT Robert J. Vento has been designated a Conrad Scholar by the Office of the Chief of Naval Operations (N-82). In addition to this award and receiving his master's in financial management in December 1992, he was awarded the Department of the Navy's Award for Academic Excellence in Financial Management. He earned his undergraduate degree in Optics at the University of Rochester in 1987. LT Vento is currently attending the Submarine Officer Advanced Course in Groton, CT. Upon completion, he is scheduled to be the Combat Systems Officer on USS ARCHERFISH (SSN 678). He has been awarded two Navy Achievement Medals and a Navy Expeditionary Medal during his career. He looks forward to the opportunity to work in budgeting during his next shore tour. LT Vento is married to the former Lucy K. Albrecht of Mt Lebanon, PA and they have one child, Tucker.

# DoN Civilian Financial Management Career Program

## Course and program descriptions and dates



### Navy Financial Management Entry-Level Courses

- Principles of Navy Budgeting
- Introduction to Navy Financial and Managerial Accounting
- Introduction to Navy Industrial Accounting for DBOF

These courses are designed as introductory material for DoN civilian personnel in the GS-500 series, who are at grades GS-5 through GS-11, and junior enlisted personnel and officers in the DoN financial community. They are offered as resident or self-study courses (see below). Entry-level courses are cost-free. **Resident Courses:** Any naval activity may host a resident training course such as those listed below.\* Classroom materials (textbooks) and facilitator training (refer to "Facilitator Training Course" in this section) are available from NAVCOMPTPMO. (We will publish course locations and dates in the *Navy Comptroller* if notified.) NAVCOMPTPMO sponsors entry-level courses (see below). Course Coordinator: Patricia Cain, DSN 922-3972 Commercial 904-452-3972. *Note: The nomination form on page 31 must be used to nominate personnel for entry-level, NAVCOMPTPMO-sponsored, RESIDENT courses.*

**Self-Study Courses (same title as resident courses):** Submit an approved DD Form 1556 to NAVCOMPTPMO, Attn: PMO-1T, 151 Ellyson Avenue, Suite F, Pensacola, FL 32508-5114. When listing the course on the 1556, include "self-study" in the title.

**\*Naval Computer and Telecommunications Command, 4401 Massachusetts Avenue, Washington, DC**

Introduction to Navy Industrial Accounting for DBOF

11-14 Jan 94 28 Jun-1 Jul 94 15-18 Mar 94

Introduction to Navy Financial and Managerial Accounting

7-10 Dec 93 8-11 Feb 94 23-26 Aug 94

Principles of Navy Budgeting

30 Nov-3 Dec 93 22-25 Mar 94 2-5 Aug 94

**\*Navy Comptroller Program Management Office, 151 Ellyson Avenue, Suite F, Pensacola, Florida**

Introduction to Navy Industrial Accounting for DBOF: 1-4 Nov 93

Introduction to Navy Financial and Managerial Accounting: 29 Mar-1 Apr 94

Principles of Navy Budgeting: 24-27 May 94



# NOMINATING FORM

**(COURSE NAME)**

**1st choice**

**(COURSE DATE)**

### 2nd Choice

- 1. Standard Navy Distribution List (SNDL) Address and Office Code.**

**FAX NUMBER:** \_\_\_\_\_

2. Training Office Contact: \_\_\_\_\_  
(NAME)

**(CODE)**

**(TELEPHONE)**

(FAX Number)

- 3. STUDENT NOMINEES:** The following personnel are nominated in *PRIORITY ORDER*.

NAME/SSN	SERIES & GRADE	CODE/ADDRESS	TELEPHONE #

**\*If student nominee is from an activity other than the nominating activity, please provide the nominee's activity address and Phone Number. Please provide ALL information to ensure nominees are considered.**

**(Signature Supervisor/Training Office)**

## RETURN FORMS TO:

**Director, Navy Comptroller Program Management Office**  
**151 Elyson Avenue, Suite F, PMO-11**  
**Pensacola, Florida 32508-5114**  
**Telephone: (904)452-3972: (A/V) 922-3972**  
**FAX Number: (904)452-3903: (A/V) 922-3903**

## Navy Financial Management Mid-Level Courses and Programs

### Professional Military Comptroller School (PMCS)

A tri-service, 6-week school located at the Air University Center for Professional Development, Maxwell Air Force Base, Alabama. The school contributes to the professional development of military and civilian officials who serve, or have been selected to serve as comptrollers or other key financial management officials within the organization. Activities send nominations via the activity's chain of command to the major claimant using the DD Form 1556. The major claimant endorses and sends nominations to NAVCOMPTPMO, Attn: PMO-12, 151 Ellyson Avenue, Suite F, Pensacola, FL 32508-5114.

**Course Coordinator:** Janice Travis, DSN 922-3977 Commercial 904-452-3977.

**Course Schedule:** (94A) 18 Oct-24 Nov 93 (94D) 13 Jun-22 Jul 94  
 (94B) 10 Jan-18 Feb 94 (94E) 15 Aug-23 Sep 94  
 (94C) 11 Apr-20 May 94

## Navy Practical Comptrollership Course (PCC)

A 9-day course hosted by the U.S. Naval Postgraduate School and the Navy Comptroller Program Management Office (NAVCOMPTPMO). Comptrollership topics include accounting, budgeting, planning, auditing, and management evaluation and performance.

Activities send nominations via the activity's chain of command to the major claimant using the DD Form 1556 according to the instructions in SECNAVNOTE 7000. The **major claimant must endorse and send nominations to NAVCOMPTPMO**, Attn: PMO-12, 151 Ellyson Avenue, Suite F, Pensacola, FL 32508-5114.

**Course Coordinator:** Janice Travis, DSN 922-3977 or Commercial 904-452-3977.

**Course Schedule:** Listed below and published in SECNAVNOTE 7000.  
 (94A) 29 Nov-9 Dec 93      (94B) 03-13 Jan 94      (94C) 31 Jan-10 Feb 94  
 (94D) 07-17 Mar 94      (94E) 16-26 May 94      (94F) 08-18 Aug 94

**PCC (93E), 17-27 May 1993**



### **DBOF Professional Managers Course for Navy Industrial Activities ("Pro DBOF")**

The course provides managers from industrial activities with problem-solving skills in the management of DBOF operations. The course format consists of 5 academic days of lecture, a case study, and analysis of the activity's financial and operating statement. The course is offered approximately three times per year. Personnel at or above the GS-9 level and the equivalent military ranks who are working in mid-level financial management positions in a Navy or Marine Corps industrial activity are eligible to attend. Course availability is announced by official message and telephone nominations are accepted; multiple nominations from an activity will be prioritized on a waiting list.

Once space in the class is granted, the activity sends a DD Form 1556 (the course is cost-free) and a case study to NAVCOMPTPMO PMO-1, 151 Ellyson Avenue, Suite F, Pensacola, FL 32508-5114, with other required materials.

**Course Coordinator:** Bonnie F. Lewis, PMO-13, DSN 922-3962 or Commercial 904-452-3962.

#### **Course Schedule:**

15- 19 Nov 93 (Seattle, WA) 07-11 Feb 94 (Eastern location)

13-17 Jun 94 (Western location) 14-18 Nov 94 (Eastern location)

### **Mid-Level Course Under Development**

#### **DBOF Overview for Mid-Level Managers at Non-Industrial Activities**

Based upon availability of expert instructors, this course will be available upon request at various locations by late Winter. Tentative plans for course format consist of a three-day session targeted to personnel at and above the GS-9 and O-2 level who have no previous experience with the former Industrial Fund. Participants will be given an overview of DBOF with emphasis on its history, fundamental concepts, and implementation strategies. Case studies will be analyzed.

Suggestions for specific course content are welcomed. Contact the Course Developer/Coordinator: Bonnie F. Lewis, PMO-13, DSN 922-3962 or Commercial 904-452-3962.

### **Other Courses and Programs**

#### **Facilitator Training Course**

This course is a NAVCOMPTPMO-developed and sponsored, resident course which provides classroom techniques for anyone interested in instructing or facilitating classes. The course lasts approximately 20 hours and can be taught on site on a varied schedule to accommodate individual office requirements. For additional information, contact: Patricia Cain, PMO-11, DSN 922-3972 or Commercial 904-452-3972.

#### **Secretary of the Navy (SECNAV) Civilian Fellowship Program in Financial Management**

A Secretary of the Navy notice (SECNAVNOTE) announcing nominations for the Fellowship Program in Financial Management is issued in

the spring each year. Nominations for the 1993-94 school year opened in March and closed on 7 May 1993. To facilitate advanced planning, information about the Program will be published in the *Navy Comptroller* on a regular basis.

The SECNAV Civilian Fellowship Program in Financial Management is part of the Navy Civilian Financial Management Career Program. Fellowships provide an opportunity for high-potential employees to participate in an intensive program of advanced study in the area of financial management for one academic year (two consecutive semesters or three consecutive quarters) at the graduate level.

The program of study and/or research should enhance one's capabilities and be of benefit to the Department of the Navy. Tuition, fees and book costs are provided cost-free for one academic year and an average of four fellowships are awarded each year.

An applicant must be:

- a professional financial management employee (500 series) GS-9 through GS/GM-15 with career tenure, or a professional employee who performs duties in direct support of financial operations such as GS/GM-343 (Management Analyst/Program Analyst).
- at a career stage where a comprehensive/accelerated, full-time program of study will enhance necessary job skills.
- a career civilian employee with a minimum of 3 years of service in financial management within the Department of the Navy.
- accepted by a graduate program as a student in good standing at an accredited college or university for a full-time program of study. (This is one eligibility requirement that, indeed, requires advanced planning.)

The Deputy Comptroller of the Navy awards Fellowships based on the recommendations of a panel composed of senior-level financial managers within the DoN. Fellowship awardees are required to sign a written agreement of obligated service in advance of training. This agreement specifies that the employee will continue in service for a period equivalent to three times the length of training.

For complete information regarding nominations and other requirements, review SECNAVNOTE 12410 of 8 March 1993, or contact Ms. Janice Travis, DSN 922-3977, Commercial 904-452-3977.

#### **Department of the Navy Centralized Financial Management Trainee Program (CFMTP)**

The goal of the CFMTP is to ensure a continuous flow of highly qualified, college-caliber trainees into the DoN's civilian financial management work force to meet future succession planning requirements. The Program provides centralized recruitment, funding, hiring, and management. All shore activities employing civilians (per SECNAVINST 12400.5A of 1 October 1992—DoN Civilian Financial Management Career Program) may participate.

NAVCOMPTPMO conducts an annual survey of major claimants and commands to ascertain trainee requirements based on an activity's anticipated turnover, retirement, and/or change of function or mission. An

activity evaluates its ability to provide a trainee with comprehensive cross-series training, an Individual Development Plan (IDP), training and supervision, performance appraisals, counseling, and placement in a target position at the end of the training period.

Shore activities should contact major claimants in the fall each year to discuss the feasibility of homeporting trainee(s).

Information packets are available from NAVCOMPTPMO, Attn: PMO-1T, 151 Ellyson Avenue, Suite F, Pensacola, FL 32508-5114. For additional information, call DSN 922-3972, 3977, or 3962, Commercial 904-452-3972, 3977, or 3962.

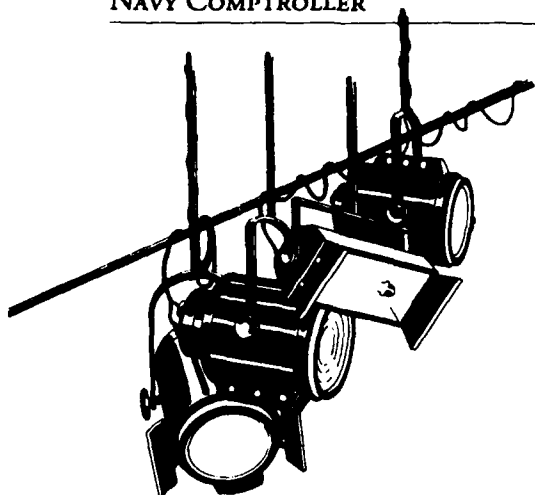
### Revised Publication Now Available

The new edition of the *Financial Management Guidebook for Commanding Officers*, NAVSO P-3582 (July 1993), was recently distributed to activities listed in Part 2 of the Standard Navy Distribution List (SNDL).

To order the publication using MILSTRIP format from the Naval Publications and Forms Directorate (address below), cite ordering number 0515-LP-209-9800 (which supercedes 0515-LP-206-1900 dated July 1990).

Commanding Officer  
Naval Publications and Forms Directorate  
Naval Aviation Support Office  
5801 Tabor Avenue  
Philadelphia, PA 19120-5099

NAVY COMPTROLLER PROGRAM MANAGEMENT OFFICE 151 ELLYSON AVENUE SUITE F PENSACOLA FL 32508-5114  DSN 922-XXXX COM 904-452-XXXX FAX x3903	
ROBERT E. RYAN DIRECTOR PMO, x3785  THOMAS W. STEINBERG DEPUTY DIRECTOR PMO-D, x3786	
KAY HINDS SPECIAL ASSISTANT PMO-A, x3783	SANDRA PALMER SECRETARY PMO-t, x3783
CAREER PROGRAMS DIVISION	TRAINEE PROGRAM DIVISION
PATRICIA A. CAIN ENTRY-LEVEL TRAINING & EDUCATION PMO-11, x3972	BRENDA F. LITER ACTING PROGRAM MANAGER PMO-2, x3787
JANICE V. TRAVIS MID-LEVEL TRAINING & EDUCATION PMO-12, x3977	JOHN F. JOHNSTON TRAINEE PROGRAM SUPPORT PMO-2t, x3821
BONNIE F. LEWIS MID-LEVEL TRAINING & EDUCATION EDITOR, <i>Navy Comptroller</i> PMO-13, x3962	SHIRLEY A. BROD CLERK TYPIST PMO-2t, x3819
KENDALL L. ROOSE MID-LEVEL TRAINING & EDUCATION PMO-14, x3977	
KATHLEEN D. SPATH CAREER PROGRAMS SUPPORT PMO-1T, x3972	



## Spotlight on Jo Decker

**Spotlight focuses on Navy personnel who have made significant contributions to professional development**



It is no closely held secret that Ms. Jo Decker, Comptroller of the Office of Naval Intelligence, is one of the most experienced and sought-after instructors. For over two years, she has imparted her knowledge and experience as an instructor for the "Principals of Navy Budgeting" course. In the classroom, Jo provides students with real "hands-on" examples and exercises that they can easily adapt to their own work situations. Her reputation as an informative instructor draws many students to her classes, knowing that the exposure will provide a practical overview of the many facets of financial and program management.

In addition to her classroom instruction, Ms. Decker is actively involved in the Department of the Navy's professional development programs and initiatives. She has participated in various steering groups and working groups regarding development of financial managers within the Department of the Navy.

Recently Jo has been an active participant in representing the Department of the Navy in evaluating DMRD 985. Ms. Decker is also a member of the Department of the Navy Career Planning and Development Board for Financial Management.

Ms. Decker's experience comes from over ten years of program and financial management responsibilities at both the field and headquarters levels within the Naval Intelligence Community. Originally hired as an entry level program analyst, Jo's career progressed through the field and headquarters levels where she gained extensive knowledge and experience in the operational, financial, and programmatic aspects of the Department's intelligence programs. This invaluable experience led to her recent promotion to Comptroller of the Office of Naval Intelligence.

Jo received a Bachelor's degree in Business Administration from Troy State University and is working on her Master's degree.

It is because of individuals like Jo that Navy financial management training courses result in a rewarding classroom experience.

Jo, many thanks for your very capable and devoted service in financial management training and education in the Department of the Navy.

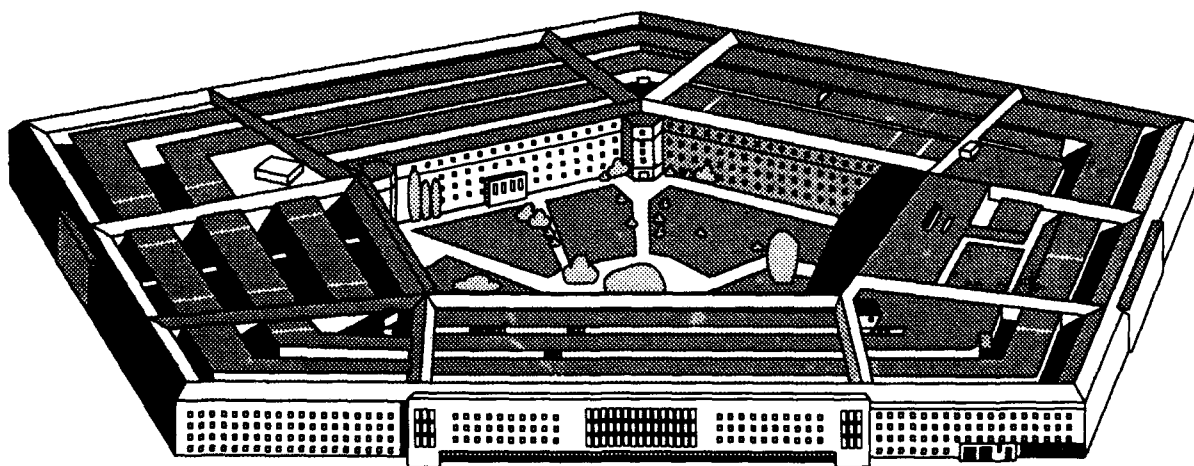
# Navy Comptroller-Sponsored Directives

## An updated list for FY94

by Kathy Bowman



Thanks to Ms. Kathy Bowman, the Directives Manager for the Office of the Comptroller of the Navy, an updated list of NAVCOMPT and NAVCOMPT-sponsored SECNAV directives will be published in the *Navy Comptroller* at the beginning of each fiscal year. The first list was compiled by Kathy and published in the October 1992 issue. This year's list begins on page 38. —*editor*



Instruction #	Originator	Subject	Date
NAVCOMPT 1000.1	NCB-3	AVIATION CAREER INCENTIVE ACT OF 1974 AND REQUIRED ANNUAL REPORT	10 MAY 76
NAVCOMPT 1070.2B	DFAS	MAGNETIC TAPE EXTRACTS OF RETIRED MILITARY PAY RECORDS	03 JAN 89
NAVCOMPT 1070.3	DFAS	MAGNETIC TAPE EXTRACTS OF MILITARY PAY RECORDS	29 NOV 83
NAVCOMPT 1080.1A	NCB-3	MONTHLY REPORT OF ACTIVE DUTY MILITARY PERSONNEL STRENGTH	17 MAR 82
NAVCOMPT 1130.1D	NCB-3	MILITARY PERSONNEL PROCUREMENT RESOURCES REPORT	25 NOV 91
NAVCOMPT 1130.2	NCB-3	MONTHLY REPORT OF ENLISTMENTS, REENLISTMENTS, INDUCTIONS AND ENLISTED RESERVES ORDERED TO ACTIVE DUTY	14 OCT 64
NAVCOMPT 1133.1A	NCB-3	REENLISTMENT RATE REPORTS	13 JUN 68
NAVCOMPT 1741.1A	NCB-3	ANNUAL REPORT ON SERVICEMEN'S GROUP LIFE INSURANCE	30 DEC 70
NAVCOMPT 1741.2	NCB-3	MONTHLY REPORT ON SERVICEMEN'S GROUP LIFE INSURANCE	31 JUL 85
NAVCOMPT 1771.1D	NCB-3	REPORT ON ACTIVE DUTY MILITARY PERSONNEL CASUALTIES IN OFFICIAL COMBAT AND NONCOMBAT AREAS	03 FEB 83
SECNAV 4200.31C	NCB-6	ACQUIRING AND MANAGING CONSULTING SERVICES	22 JUN 93
NAVCOMPT 4600.2B	DFAS	CUSTOMER IDENTIFICATION CODES FOR TEMPORARY ADDITIONAL DUTY TRAVEL	04 SEP 74
NAVCOMPT 4650.7	DFAS	RENTAL OF VEHICLES	05 APR 74
SECNAV 4900.36A	DFAS	FOREIGN MILITARY SALES BETWEEN THE U.S. AND FEDERAL REPUBLIC OF GERMANY	23 JUL 80
SECNAV 5000.16E	DFAS	DON PLANNING, PROGRAMMING AND BUDGETING SYSTEM	31 MAR 86
SECNAV 5000.30C	NCB-6	DON MANAGEMENT HEADQUARTERS AND HEADQUARTERS SUPPORT ACTIVITIES	10 NOV 89
NAVCOMPT 5030.1	NCD-6	EMBLEMS AND OFFICIAL SEALS FOR NAVCOMPT ACTIVITIES	13 JUL 64
NAVCOMPT 5040.1E		NAVCOMPT INSPECTION PROGRAM - PENDING CANCELLATION	25 APR 84
SECNAV 5120.6A	DFAS	SAFEKEEPING OF UNITED STATES SERIES EE SAVINGS BONDS	20 JUN 90
NAVCOMPT 5200.3	NCB-3	PRODUCTIVITY REPORTING; SPECIFIC REPORTING DATES	06 NOV 79
SECNAV 5200.33A	NCB-5	DON REVIEW AND OVERSIGHT COUNCIL	09 DEC 81
SECNAV 5200.35C	NCF	DON MANAGEMENT CONTROL PROGRAM	07 JAN 91
NAVCOMPT 5230.1	DFAS	AUTOMATIC DATA PROCESSING SERVICES PROCURED BY CONTRACT	19 MAY 77
NAVCOMPT 5230.2	DFAS	OFFICE AUTOMATION AND INFORMATION PROCESSING SYSTEMS	06 MAY 85
NAVCOMPT 5231.1	NCF	CONFIGURATION CHANGE MANAGEMENT FOR NAVCOMPTSSA-DEVELOPED AND/OR MAINTAINED INFORMATION SYSTEMS	16 MAR 87
NAVCOMPT 5239.1	DFAS	PROMULGATION OF AUTOMATED INFORMATION SYSTEMS SECURITY POLICY FOR NAVY FINANCE ACTIVITIES	03 MAR 89
NAVCOMPT 5292.1	NCD-1	ESTABLISHMENT OF FINANCIAL EXECUTION REVIEW AND OVERSIGHT PROCEDURES	05 MAY 86
SECNAV 5292.1A	NCB-5	FINANCIAL EXECUTION, REVIEW AND OVERSIGHT OF DESIGNATED COMMANDS/OFFICES RESPONSIBLE FOR DON SYSTEM DEVELOPMENT, ACQUISITION, AND MATERIAL SUPPORT	05 AUG 87
NAVCOMPT 5300.3C	NCB-3	REPORTING OF DEPENDENTS OF ACTIVE DUTY MILITARY PERSONNEL AND U.S. CITIZEN EMPLOYEES	08 DEC 75
NAVCOMPT 5300.4D	NCB-3	REPORTING OF PERSONNEL AND PAYROLL OUTLAYS BY OPERATING LOCATION	27 AUG 87
NAVCOMPT 5300.5	NCB-3	MONTHLY REPORT OF PERSONNEL STATISTICS	10 DEC 75
SECNAV 5300.21B		PROFESSIONAL MILITARY COMPTROLLER SCHOOL - PENDING CANCELLATION	30 APR 81
SECNAV 5300.23A		DOD PERSONNEL ASSIGNED TO DUTY OUTSIDE THE DOD AND SUPPORTING NON-DOD ACTIVITIES - PENDING CANCELLATION	17 OCT 77
NAVCOMPT 5310.5	NCD-6	POSITION MANAGEMENT	04 AUG 66
NAVCOMPT 5310.8	NCB-3	REPORT ON PERSONNEL DISTRIBUTIONS BY COUNTRY OR OTHER SPECIFIC LOCATIONS	31 DEC 79
SECNAV 5322.5A	NCB-6	ADMINISTRATION OF CIVILIAN EMPLOYMENT CEILINGS	30 JUN 77
SECNAV 5381.5A	NCF	FINANCIAL INSTITUTIONS ON NAVY AND MARINE CORPS INSTALLATIONS	05 JUN 90



Instruction #	Originator	Subject	Date
NAVCOMPT 5400.3 SECNAV 5420.187	NCD-6 NCF	DON MANAGEMENT HEADQUARTERS SYSTEM; ESTABLISHMENT OF ASSIGNMENT OF RESPONSIBILITIES TO COORDINATE FUNCTIONS OF THE DON INTERNAL CONTROLS SYSTEMS	12 AUG 74
SECNAV 5430.99 <i>NAVCOMPT 5450.1D</i>	NCB-5	DON COMPTROLLER FUNCTION; ASSIGNMENT OF RESPONSIBILITIES <i>NAVY FINANCE CENTER, CLEVELAND; FUNCTIONAL MISSION OF - PENDING CANCELLATION</i>	14 JAN 86 05 AUG 87 14 JAN 81
<i>NAVCOMPT 5450.3E</i>		<i>NAVY REGIONAL FINANCE CENTER, GREAT LAKES; FUNCTIONAL MISSION OF - PENDING CANCELLATION</i>	10 DEC 82
<i>NAVCOMPT 5450.8</i>		<i>FUNCTIONAL MISSION OF NAVY COMPTROLLER STANDARD SYSTEMS ACTIVITY, PENSACOLA, FL - PENDING CANCELLATION</i>	17 JUN 86
NAVCOMPT 5450.9 NAVCOMPT 5450.10	NCF PMO	FUNCTIONAL MISSION OF PERSONNEL SUPPORT ACTIVITY, CLEVELAND, OH FUNCTIONAL MISSION OF NAVY COMPTROLLER PROGRAM MANAGEMENT OFFICE, PENSACOLA, FL	15 AUG 86 11 JAN 91
NAVCOMPT 5600.3A	NCD-6	NAVY PUBLICATIONS AND PRINTING PROGRAM WITHIN THE NAVY SECRETARIAT, STAFF OFFICES, ONR, NAFC, NAVCIVPERSCOM, AND NAVY RELIEF SOCIETY	14 APR 86
NAVCOMPT 5604.2 <i>SECNAV 5710.24</i>	NCB	PROCUREMENT OF CONGRESSIONAL AND EXECUTIVE DOCUMENTS RELATED TO THE BUDGET <i>COLLECTING AND REPORTING FOREIGN INDEBTEDNESS TO THE UNITED STATES - PENDING CANCELLATION</i>	23 OCT 70 OCT 74
NAVCOMPT 5740.1C NAVCOMPT 5740.3A	NCB-3 NCB-5	PAYMENTS TO EDUCATIONAL INSTITUTIONS BY STATE SPECIALIZED OR TECHNICAL SERVICES PROVIDED TO STATE AND LOCAL GOVERNMENT	25 SEP 89 25 APR 83
NAVCOMPT 5740.4 SECNAV 5740.24B	NCB-5 NCB-5	GAO AND DODIG AIG(A) AUDIT FOLLOW-UP REQUIREMENTS FOR DON RELATIONS WITH THE SURVEYS AND INVESTIGATIONS STAFF, HOUSE APPROPRIATIONS COMMITTEE	18 NOV 88 10 MAY 90
SECNAV 5740.25B	NCB-5	RELATIONS WITH THE OFFICE OF THE ASSISTANT IG FOR AUDITING (AIG(A)), DOD	20 AUG 87
SECNAV 5740.26 SECNAV 7000.11C SECNAV 7000.14B	NCB-5 NCF NCA	RELATIONS WITH THE GENERAL ACCOUNTING OFFICE (GAO) CIVILIAN OVERTIME AND COMPENSATORY TIME ADMINISTRATION ECONOMIC ANALYSIS AND PROGRAM EVALUATION FOR NAVY RESOURCE MANAGEMENT	24 MAR 86 19 APR 91 18 JUN 75
SECNAV 7000.18E	NCF	POLICY FOR DEVELOPMENT AND CONTROL OF ACCOUNTING SYSTEMS IN DON	01 NOV 90
SECNAV 7000.19B SECNAV 7000.22	NCA NCB-3	DON COST ANALYSIS PROGRAM APPROPRIATED AND NONAPPROPRIATED RESOURCES EXPENDED IN SUPPORT OF NONAPPROPRIATED FUND (NAF) ACTIVITIES; REPORT OF	12 MAR 75 22 MAY 75
SECNAV 7000.24 <i>SECNAV 7000.25</i>	NCA	REPORTING OF OPERATING AND SUPPORT COSTS OF MAJOR DEFENSE SYSTEMS <i>FINANCIAL MANAGEMENT, OVERSIGHT AND AUDIT OF THE NONAPPROPRIATED FUND INVESTMENT PROGRAM - PENDING CANCELLATION</i>	15 MAY 86 03 AUG 88
SECNAV 7000.26A <i>NAVCOMPT 7000.36</i>	NCB-5	RECOUPMENT OF NONRECURRING COSTS ON SALES OF U.S. PRODUCTS AND TECHNOLOGY <i>FINANCIAL MANAGEMENT SYSTEMS: STANDARD CRITERIA FOR INTERNAL ADP; CONTROL OF - PENDING CANCELLATION</i>	11 DEC 90 04 FEB 75
NAVCOMPT 7000.38B	NCB-2	PRODUCTIVITY ENHANCING INCENTIVE FUND (PEIF)/THE PRODUCTIVITY ENHANCEMENT CAPITAL INVESTMENT FAST PAYBACK PROGRAM	26 MAR 87
NAVCOMPT 7000.39D NAVCOMPT 7000.41 NAVCOMPT 7000.42A	NCF NCB-1 DFAS	DON ACCOUNTING SYSTEMS COMPLIANCY AND IMPROVEMENT PLAN PRICE STABILIZATION OF FUEL OBTAINED FROM COMMERCIAL SOURCES SINGLE POINT OF PAYMENT OF CONUS POST, CAMP AND STATION PETROLEUM (PC&S) CONTRACTS	11 APR 90 25 JUL 80 03 NOV 82

Instruction #	Originator	Subject	Date
<b>NAVCOMPT 7000.43</b>		<b>IMPLEMENTATION OF CERTAIN STANDARDIZED AND CONSOLIDATED FINANCIAL DOCUMENTS - PENDING CANCELLATION</b>	<b>13 JUL 81</b>
NAVCOMPT 7000.44	DFAS	BLANKET PURCHASE AGREEMENTS	08 JUL 81
NAVCOMPT 7000.45	NCF	CONTROL OF FINANCIAL MANAGEMENT SYSTEMS USING THE INFORMATION SYSTEMS (IS) ARCHITECTURE PROCESS	01 APR 86
NAVCOMPT 7000.46	NCD-1	SECURITY ASSISTANCE PROGRAM FINANCIAL MANAGEMENT RESPONSIBILITIES AND ORGANIZATIONAL RELATIONSHIPS WITHIN DON	16 DEC 85
NAVCOMPT 7000.47	NCF	PLANNING AND MONITORING THE PROGRESS OF DON FINANCIAL MANAGEMENT IMPROVEMENT INITIATIVES	29 JUN 87
NAVCOMPT 7000.48A	NCF	FINANCIAL MANAGEMENT SYSTEMS REVIEW AND EVALUATION PROGRAM	13 DEC 89
NAVCOMPT 7000.50A	NCF	DOD FINANCIAL MANAGEMENT AWARDS PROGRAM	29 JAN 92
<b>SECNAV 7020.4C</b>		<b>FINANCIAL ADMINISTRATION OF INTERSERVICE AND INTER-DEPARTMENTAL SUPPORT AGREEMENT - PENDING CANCELLATION</b>	<b>27 DEC 74</b>
SECNAV 7020.7A	NCB-2	DON TRANSACTIONS ENTERING THE INTERNATIONAL BALANCE OF PMTS	06 OCT 66
NAVCOMPT 7020.10E	NCB-3	INTERNATIONAL BALANCE OF PAYMENTS PROGRAM: A SYSTEM FOR ACCOUNTING, ESTIMATING, REPORTING, CONTROLLING AND MANAGING	21 NOV 69
SECNAV 7020.13	DFAS	POLICY ON OFFICIAL TRAVEL OVERSEAS	10 OCT 73
<b>NAVCOMPT 7020.18</b>		<b>TRASH AND WASTE MATERIAL RECYCLING - PENDING CANCELLATION</b>	<b>19 JUL 74</b>
<b>NAVCOMPT 7030.17M</b>		<b>AGREEMENT BETWEEN THE NATIONAL AERONAUTICS AND SPACE ADMINISTRATION AND DOD FOR REIMBURSING DOD FOR CONTRACT ADMINISTRATION AND RELATED SUPPORT SERVICES - PENDING CANCELLATION</b>	<b>10 FEB 81</b>
SECNAV 7040.6B	NCB-5	DEFINITIONS OF EXPENSE AND INVESTMENT COSTS	02 JAN 80
SECNAV 7040.10C	NCC	GENERAL PROVISIONS OF THE DOD APPROPRIATION AUTHORIZATION ACT, 1980; THE DOD APPROPRIATION ACT, 1980; THE MILITARY CONSTRUCTION AUTHORIZATION ACT, 1980; AND MILITARY CONSTRUCTION APPROPRIATION ACT, 1980	11 APR 80
<b>SECNAV 7040.11A</b>		<b>PROGRAM AND BUDGET SUPPORT FOR DEPARTMENT OF THE NAVY RESERVE FORCES - PENDING CANCELLATION</b>	<b>24 DEC 74</b>
SECNAV 7040.12A	NCB-5	FUNDING PROCEDURES FOR NAVAL POSTGRADUATE SCHOOL ACADEMIC RESEARCH	08 DEC 89
NAVCOMPT 7040.35	NCB-3	CHEMICAL WARFARE AND BIOLOGICAL RESEARCH PROGRAM OBLIGATIONS REPORT (SEMI-ANNUAL)	18 DEC 73
NAVCOMPT 7040.37B	NCB-3	GUIDANCE FOR ADMINISTRATION OF APPROPRIATIONS AFTER THE PERIOD OF AVAILABILITY	10 APR 91
SECNAV 7042.13	NCB-5	GUIDELINES FOR USE OF LATIN AMERICAN COOPERATION (LATAM CO-OP FUNDS) UNDER THE O&M,N APPROPRIATION	03 NOV 80
NAVCOMPT 7042.17	NCB-1	REIMBURSABLE TRANSACTIONS; REPORTING OF 29 MAY 68	
<b>NAVCOMPT 7042.18</b>		<b>COST ACCOUNTING/REPORTING FOR OPERATION AND MAINTENANCE OF MILITARY FAMILY HOUSING - PENDING CANCELLATION</b>	<b>18 MAY 72</b>
<b>SECNAV 7043.2A</b>		<b>FULL FUNDING OF DOD PROCUREMENT PROGRAMS - PENDING CANCELLATION</b>	<b>12 DEC 69</b>
SECNAV 7043.6	NCB-2S	CONTRACT AWARD REPORTING REQUIREMENT UNDER TITLE 10, USC, SECTION 139	03 OCT 86
NAVCOMPT 7044.5E	NCB-3	DOD IN-HOUSE RDT&E ANNUAL ACTIVITIES REPORT	01 SEP 81
NAVCOMPT 7044.7A	DFAS	GUIDANCE ON DIRECT COSTING OF AIRCRAFT AT MAJOR RANGE AND TEST FACILITY BASE ACTIVITIES	26 DEC 85
<b>NAVCOMPT 7044.8</b>		<b>REIMBURSABLE ORDERS CITING THE RESEARCH, DEVELOPMENT, TEST AND EVALUATION, NAVY (RDT&amp;E,N) APPROPRIATION - PENDING CANCELLATION</b>	<b>25 JUN 74</b>

Instruction #	Originator	Subject	Date
SECNAV 7100.10	NCB-5	BUDGET GUIDANCE FOR VALUE ENGINEERING	29 JUN 72
NAVCOMPT 7100.39D	NCB-5	DEFENSE FAMILY HOUSING PROGRAM; FINANCING, STRUCTURE, AND ADMINISTRATION OF TRANSFER ACCOUNTS	09 MAR 79
NAVCOMPT 7100.45A	NCB	FIVE YEAR DEFENSE PROGRAM (FYDP)	10 NOV 82
NAVCOMPT 7101.2	NCB-1	ACTIVITY GROUP/SUB-ACTIVITY GROUP SYSTEM	14 JAN 81
<i>NAVCOMPT 7102.1E</i>		<i>INSTRUCTION FOR PREPARATION OF APPROPRIATION BUDGET SUBMISSION - PENDING CANCELLATION</i>	<i>19 JUL 82</i>
NAVCOMPT 7102.2B	NCBG-1	GUIDANCE FOR THE PREPARATION, SUBMISSION AND REVIEW OF THE DON BUDGET ESTIMATES	23 APR 90
NAVCOMPT 7121.3D	NCBE	DON ANNUAL BUDGET HEARINGS BEFORE CONGRESSIONAL APPROPRIATION COMMITTEES; INFORMATION FOR WITNESSES	06 OCT 67
NAVCOMPT 7130.24A	NCC	GENERAL PROVISIONS OF DOD APPROPRIATIONS AUTHORIZATION ACT, 1980; DOD APPROPRIATIONS ACT 1980; MILITARY CONSTRUCTION AUTHORIZATION ACT, 1980; AND MILITARY CONSTRUCTION APPROPRIATION ACT, 1980	11 APR 80
NAVCOMPT 7130.25D	NCBE	PROCEDURES FOR ANNUAL REVIEW AND IMPLEMENTATION OF CONGRESSIONAL ACTIONS ON AUTHORIZATION AND APPROPRIATION ACTS AFFECTING DOD AND RELATED CONGRESSIONAL REPORTS	09 NOV 79
NAVCOMPT 7133.1C	NCB-3	PROCEDURES AND REPORTING REQUIREMENTS RELATED TO THE REPROGRAMMING OF APPROPRIATED FUNDS; IMPLEMENTATION OF	08 MAY 80
NAVCOMPT 7133.2A	NCB-3	ESTABLISHMENT OF PROCEDURES FOR REPROGRAMMING AND CONTROL OF EXPIRED APPROPRIATED FUNDS	23 JUL 84
NAVCOMPT 7133.3	NCB-3	REPROGRAMMING OF MILITARY CONSTRUCTION AND FAMILY HOUSING APPROPRIATED FUNDS	10 MAR 87
NAVCOMPT 7200.15	DFAS	PROCEDURES FOR HANDLING BARRED CLAIMS	11 MAY 81
NAVCOMPT 7200.16	NCB	FINANCIAL ADMINISTRATION OF GAINS AND LOSSES DUE TO FOREIGN EXCHANGE RATE FLUCTUATIONS	08 NOV 89
SECNAV 7200.17D	DFAS	POLICY FOR CIVILIAN AND MILITARY PAY SERVICES	07 JUN 91
SECNAV 7200.18		COLLECTION FOR DISHONORED CHECKS ACCEPTED BY COMMISSARIES, SHIPS' STORES, AND NONAPPROPRIATED FUND INSTRUMENTALITIES - PENDING CANCELLATION	11 JUN 86
SECNAV 7220.29C	DFAS	PROCEDURES FOR APPROVAL OF REGULATIONS PERTAINING TO MILITARY PAY AND ALLOWANCES	10 DEC 82
<i>SECNAV 7220.36</i>		<i>PROCEDURES FOR APPROVAL OF REGULATIONS PERTAINING TO MILITARY PAY AND ALLOWANCES - PENDING CANCELLATION</i>	<i>08 MAY 58</i>
NAVCOMPT 7220.38D	NCB-3	SPECIAL PAY FOR DUTY SUBJECT TO HOSTILE FIRE OR IMMINENT DANGER	29 SEP 89
<i>NAVCOMPT 7220.47A</i>		<i>MILITARY PERSONNEL EXPENSES; CONTROL OF - PENDING CANCELLATION</i>	<i>20 JAN 71</i>
<i>NAVCOMPT 7220.52</i>		<i>RETIRED PAY - PENDING CANCELLATION</i>	<i>02 APR 81</i>
SECNAV 7220.63D	DFAS	LEAVE ACCOUNTING PROCEDURES - NAVY MEMBERS ONLY	27 JUN 77
<i>SECNAV 7220.68C</i>		<i>JOINT UNIFORM MILITARY PAY SYSTEM (JUMPS); INSTRUCTIONS FOR THE PHASED IMPLEMENTATION OF NAVY-WIDE SYSTEM - PENDING CANCELLATION</i>	<i>04 OCT 74</i>
SECNAV 7220.76A	DFAS	CHANGES IN PROCEDURES RELATIVE TO PAYMENT OF INITIAL CLOTHING MONEY ALLOWANCE FOR NAVY MEMBERS, SPECIAL INITIAL CLOTHING MONEY ALLOWANCE FOR NAVAL AVIATION OFFICER CANDIDATES	27 JUN 75
SECNAV 7220.78	DFAS	MILITARY PAY AND ALLOWANCES ENTITLEMENTS; RESPONSIBILITIES CONCERNING	01 AUG 79
SECNAV 7220.81	DFAS	LEAVE AUTHORIZATION AND REPORTING PROCEDURES - NAVY MEMBERS ONLY	21 JUN 83
<i>NAVCOMPT 7250.5B</i>		<i>PROGRESS PAYMENT STATUS REPORTS - PENDING CANCELLATION</i>	<i>04 APR 72</i>
NAVCOMPT 7270.2	DFAS	ELECTRONIC TRANSMISSION OF FINANCIAL INFORMATION	24 DEC 90

Instruction #	Originator	Subject	Date
SECNAV 7300.27		MONTHLY REPORT ON STATUS OF FUNDS BY FUNCTIONAL TITLE - PENDING CANCELLATION	30 JAN 61
SECNAV 7300.29B	NCB-5	MUTUAL LOGISTIC SUPPORT BETWEEN THE U.S. AND GOVERNMENTS OF NATO COUNTRIES AND SUBSIDIARY BODIES AND OTHER ELIGIBLE FOREIGN COUNTRIES	06 SEP 89
NAVCOMPT 7300.81B		ANALYSIS OF APPROPRIATION AND FUND BALANCES (TREASURY DEPARTMENT FORM BA-R 2108), REPORTS UNDER SECTION 1311 OF PUBLIC LAW 663 APPROVED AUGUST 26, 1954, AS AMENDED - PENDING CANCELLATION	22 JUL 70
NAVCOMPT 7300.84D	NCB-3	REPORT ON STATUS OF FUNDS AND OTHER DATA FOR RETIRED PAY; GUIDANCE FOR PREPARATION OF	11 JAN 82
NAVCOMPT 7300.85B	NCB-3	SYSTEM FOR REPORTING ACCOUNTS PAYABLE	10 JUN 70
NAVCOMPT 7300.93A	DFAS	CENTRALIZED EXPENDITURE AND REIMBURSEMENT PROCESSING SYSTEM (CERPS)	12 MAR 74
NAVCOMPT 7300.97B	NCB-3	REPORT ON BUDGET EXECUTION (DD FORM 1176) AND SUPPLEMENTAL SCHEDULE (NAVCOMPT FORM 2232); GUIDANCE FOR THE PREPARATION OF	27 AUG 81
NAVCOMPT 7300.99C	DFAS	NAVY STANDARD DOCUMENT NUMBERING SYSTEM AND RELATED ACCOUNTING CLASSIFICATION REFERENCE NUMBERS (ACRN'S); IMPLEMENTATION OF	03 MAR 76
NAVCOMPT 7300.100B	NCB-3	REPORT ON REIMBURSEMENTS; GUIDANCE FOR PREPARATION OF	04 OCT 82
NAVCOMPT 7300.101A	NCB-3	APPROPRIATION STATUS BY FISCAL YEAR PROGRAM AND SUBACCOUNTS (NAVCOMPT FORM 2158); GUIDANCE FOR PREPARATION OF	04 NOV 82
NAVCOMPT 7300.103	DFAS	PROCEDURES FOR RECORDING DISBURSEMENTS CITING PROCUREMENT APPROPRIATIONS AND FUNDS	05 AUG 75
NAVCOMPT 7300.104A	NCB-3	APPORTIONMENT AND REAPPORTIONMENT SCHEDULES (DD FORM 1105); GUIDANCE FOR	16 JUL 79
NAVCOMPT 7300.106A	NCB-3	GUIDANCE FOR PREPARATION OF THE FLASH REPORT ON OBLIGATION STATUS	11 AUG 78
NAVCOMPT 7300.107F		ACCURACY AND TIMELINESS OF FINANCIAL AND BUDGET DATA - PENDING CANCELLATION	22 AUG 84
NAVCOMPT 7300.108	DFAS	PERMANENT CHANGE OF STATION (PCS) ORDERS WITH TEMPORARY DUTY UNDER INSTRUCTION (TEMDUINS) OF LESS THAN 20 WEEKS ENROUTE; DISBURSING PROCEDURES FOR	25 AUG 80
NAVCOMPT 7300.109C	NCB-3	AGING JF ACCOUNTS AND OTHER RECEIVABLES DUE FROM THE PUBLIC	27 JUL 84
NAVCOMPT 7300.110		FOREIGN MILITARY SALES FINANCIAL AND REIMBURSEMENT PROCEDURES - PENDING CANCELLATION	16 JUL 80
NAVCOMPT 7300.111B	DFAS	NAVCOMPT ADVANCE APPROPRIATION DIGEST REPORT (NAVCOMPT RCS 7300-11)	07 FEB 83
NAVCOMPT 7300.113	NCB-3	MANAGING TO PAYROLL OBJECT CLASS 11 OBLIGATION REPORT (RCS:DD COMP(M)1445(7300))	06 JUL 88
SECNAV 7301.14A	DFAS	UNDISTRIBUTED DISBURSEMENTS; CONTROL OF	12 JAN 71
NAVCOMPT 7301.20D	DFAS	REPORT ON OBLIGATIONS BY OBJECT CLASS; REVISED PROCEDURES FOR	31 MAR 80
NAVCOMPT 7301.23A	DFAS	UNDISTRIBUTED DISBURSEMENTS; CONTROL OF	26 SEP 69
NAVCOMPT 7310.9D	DFAS	DEPOT MAINTENANCE AND MAINTENANCE SUPPORT COST ACCOUNTING AND PRODUCTION REPORTING	15 NOV 78
SECNAV 7320.8		SIMPLIFIED INVENTORY ACCOUNTING FOR LOW-VALUE MATERIEL - PENDING CANCELLATION	17 JUL 63
NAVCOMPT 7320.11C	NCB-3	REPORT ON REAL AND PERSONAL PROPERTY	18 APR 73
NAVCOMPT 7331.4B	NCB-3	ELECTRONIC SUBMISSION OF NAVY INDUSTRIAL FUND DATA	22 MAY 78
NAVCOMPT 7420.21C	NCB-3	REPORT OF WORK YEARS AND PERSONNEL COST FOR DON CIVILIAN EMPLOYMENT	10 JAN 85

Instruction #	Originator	Subject	Date
NAVCOMPT 7420.22A	DFAS	UTILIZATION OF SOCIAL SECURITY NUMBER AS THE PRIMARY CIVILIAN PERSONNEL IDENTIFIER	15 JUN 73
NAVCOMPT 7420.27B	NCB-3	CIVILIAN PERSONNEL RESOURCE REPORTING SYSTEM	23 SEP 87
SECNAV 7430.1D	DFAS	POLICY FOR ANNUAL UNANNOUNCED DISBURSING EXAMINATIONS UNDER THE NAVY ADMINISTRATIVE EXAMINATION PROGRAM	10 JAN 84
SECNAV 7510.9	NCF	COMMAND MANAGEMENT ECONOMY, EFFICIENCY AND REVIEW	13 APR 89
SECNAV 7600.9	NCB-1	MANAGING TO ACTUAL COSTS AT NAVY AND MARINE CORPS INDUSTRIAL FUND (NIF/MCIF) ACTIVITIES	26 AUG 86
NAVCOMPT 7600.26	DFAS	PLAN FOR THE DEVELOPMENT OF A STANDARD INDUSTRIAL FUND FINANCIAL MANAGEMENT SYSTEM IN THE DON	07 NOV 80
NAVCOMPT 7600.28	NCB-1	FINANCIAL POLICIES REGARDING BID PREPARATION FOR WORKLOAD SUBJECT TO PUBLIC AND PRIVATE COMPETITIONS AT INDUSTRIALLY-FUNDED (IF) ACTIVITIES	31 JUL 87
NAVCOMPT 7600.29	NCB-1	FINANCIAL POLICIES REGARDING GAINS AND LOSSES ON WORKLOAD SUBJECT TO PUBLIC AND PRIVATE COMPETITIONS AT INDUSTRIALLY-FUNDED (IF) ACTIVITIES	31 JUL 87
NAVCOMPT 7600.30A	DFAS	POLICY AND GUIDANCE CONCERNING THE UTILIZATION AND ACCOUNTING FOR ORDER FOR WORK AND SERVICES/DIRECT CITATION (NAVCOMPT FORM 2276A) FOR USE AT ACTIVITIES AND ORGANIZATIONS AUTHORIZED TO USE THE NAVCOMPT FORM 2276A	23 JUL 90
SECNAV 7630.1A		FINANCIAL REPORTS OF DOD WORKING CAPITAL FUNDS FOR CONGRESSIONAL APPROPRIATIONS COMMITTEES - PENDING CANCELLATION	13 FEB 73
NAVCOMPT 7700.6A		STATISTICAL PROCESSING OF U.S. GOVERNMENT TRANSPORTATION REQUESTS - PENDING CANCELLATION	28 APR 72
SECNAV 7710.3	NCB-21	SHIP COST ADJUSTMENT REPORT	13 JUN 85
SECNAV 7810.12B	NCB	SHIPBUILDING PROGRESS PAYMENTS	16 SEP 86
SECNAV 7820.8A	NCB	USE OF U.S.-OWNED EXCESS AND NEAR-EXCESS FOREIGN CURRENCIES FOR PAYMENT OF CONTRACTS IN FOREIGN COUNTRIES	29 JUN 82
SECNAV 7820.9	DFAS	FINANCIAL TRANSACTIONS WITH FOREIGN NATIONS AND INTERNATIONAL ORGANIZATIONS	23 JUN 80
NAVCOMPT 7820.9G		USE OF U.S.-OWNED FOREIGN CURRENCIES - PENDING CANCELLATION	01 JUL 82
NAVCOMPT 11014.1D	NCB-3	PROGRAM CONTROL SYSTEM FOR REAL PROPERTY MAINTENANCE ACTIVITIES	09 NOV 73
SECNAV 11101.73A	NCB-1	APPROVAL AUTHORITY FOR MAINTENANCE AND REPAIR OF FLAG AND GENERAL OFFICERS QUARTERS	27 OCT 89
NAVCOMPT 11240.1E	NCB-3	MOTOR VEHICLE MANAGEMENT	15 DEC 76
NAVCOMPT 12400.1A	PMO	DEPARTMENT OF THE NAVY CENTRALIZED FINANCIAL MANAGEMENT TRAINEE PROGRAM	08 MAR 93
SECNAV 12400.5	PMO	DEPARTMENT OF THE NAVY CIVILIAN FINANCIAL MANAGEMENT CAREER PROGRAM	01 OCT 92
SECNAV 12410.20		SECRETARY OF THE NAVY CAREER FELLOWSHIPS IN FINANCIAL MANAGEMENT - PENDING CANCELLATION	29 JAN 79
NAVCOMPT 12810.1B	NCB-3	QUARTERLY REPORTS FOR CONTINUATION OF PAY FOR DISABLING JOB-RELATED TRAUMATIC INJURIES SUSTAINED BY FEDERAL EMPLOYEES	10 OCT 84

# Smarter Defense Financial Management: It's the real thing; it's the right thing

## 1993 ASMC PDI Keynote Address

*by Alice C. Maroni, Principal Deputy Comptroller, Department of Defense*



Above all, what President Clinton and Secretary Aspin bring to the defense arena is a new and broader view of America's national security challenges. The essence of the Clinton/Aspin defense perspective is this: The demise of the Soviet Union has changed the dangers threatening U.S. security, and our defense planning must reflect that change. The Soviet collapse justifies reducing defense spending below previous projections, so long as funds are spent wisely. We must reshape our defense posture and embrace a more complete vision of our security challenges. At the core of that new vision is the conviction that, in the long run, America's domestic and economic well-being will determine our nation's ability to provide for an adequate defense and to lead the world toward a better future.

Within its lower defense spending projections, this administration will pursue carefully considered priorities. We are strongly committed to preserving the high readiness and quality of America's armed forces. Only a "ready-to-fight" force can respond to the regional challenges that have replaced Soviet military power as our primary military concern.

Clinton/Aspin defense budgets will provide for selective modernization for key weapons and will contribute to protecting vital components of the U.S. defense industrial base. We will emphasize vigorous, but carefully focused research and development, including the pursuit of technologies with potential commercial applications. Our overarching goal will be an allocation of defense dollars that renders the greatest contribution to U.S. security.

In that regard, we have no choice but to scrutinize how we spend every cent. Stretching defense dollars will require improving the way we do business, and this administration is committed to doing exactly that. The newly established office of Acquisition Reform is a good example. I can assure you that Deputy Secretary Perry will be pushing for genuine change in how we develop and procure new hardware.

In the Comptroller world, there is much we can and must do to facilitate the defense drawdown and strengthen our military posture. We must streamline our own operations, eliminate redundancy and unneeded reporting, improve necessary reporting, reduce burdensome regulations, and provide DoD leaders at all levels the very best support. But more than that, we have an obligation to help the operating forces understand what it is that we can do for them.



First, I'd like to review the challenge the Department faces today. Then I will outline the elements of change that are important for our success. Lastly, I will review where we go from here.

## The Challenge

We in DoD have one of the most daunting challenges facing the nation today. Secretary Aspin is committed to ensuring a "Ready-to-Fight" force. To support his pledge, as we draw down the force, it is imperative that we control spending on defense overhead and infrastructure. Every dollar we save by cutting our support infrastructure means a dollar available for buying real military muscle.

The issue is this. We're reducing the defense budget at a fast pace while spending for support infrastructure costs continues to consume a significant portion of overall defense resources.

Today we have a support structure bigger in relative terms than was needed even at the height of the Cold War. And, while one hears a lot about base closings and plant shutdowns, the reality is that such actions have not kept pace with other defense reductions. By 1997, the defense budget will have declined by over 40 percent since 1985 and active military end strength by about 30 percent.

In contrast, even full approval of the 1993 round of base closures represents a total reduction of only 15 percent in our domestic base structure (*as measured by replacement value*) since this closure process began in 1988. While we continue to propose base closures and draw-down inventories, we still need to develop creative ways to control support costs.

Without this kind of focus, the readiness of our forces will suffer. The operating forces understand this and are working to define the delicate balance between support infrastructure and force readiness.

It is not enough just to identify the problem and that is where *you* come in. The traditional appropriation account structure with appropriations justified separately and independently, for example, as O&M or Military Personnel, has made it difficult to identify the total cost of the support requirement of the operating forces. What is needed is better cost information.

Accounting and financial systems are important tools to explain, justify, and manage support costs. Financial information should be available to policy makers as a proactive management tool during the decision-making process. What do we need, when do we need it, and how much does it cost should be questions we ask every day. Those questions are best answered with timely, accurate, and comprehensive accounting and financial management information.

The financial challenge we face today at DoD is one of adapting age-old government practices to a new standard. The Chief Financial Officers Act of 1990, for the first time, put a premium on developing more useful financial information that goes well beyond traditional obligation and expenditure data. It requires a link between cost efficiency and performance effectiveness. That is the link we are trying to establish in our efforts to align more closely the prices of support services with their total costs.

*" . . . DBOF was invented to improve the financial information available and increase cost-awareness."*

These requirements, however, are not easily met with the existing finance and accounting systems. The accounting systems we use at DoD were not designed to give us this type of information on a real-time basis. The existing financial systems accumulate data in old-fashioned ways. Making improvements will take time and money.

Let me be specific. There are more than eighty disparate, unlinked financial systems in use within the Department today that are identified under the Federal Managers' Financial Integrity Act. To add to these, we use another 200-plus ancillary systems to feed various bits of financial information. These systems fail to provide a central source for financial data. The separate financial systems all process financial information independently and, over the years, managers who use the different systems have adapted their own operating practices. As a consequence, the Department's financial reports often lack consistency, completeness, timeliness, and usefulness. Perhaps this isn't news to you.

I suspect everyone here knows that the Defense Business Operations Fund (DBOF) was invented to improve the financial information available and increase cost-awareness. Congress reminds us almost daily of the problems we've had implementing DBOF. But, you need to know that it is neither at the heart of the Department's financial shortcomings nor the solution for all shortcomings. DBOF is a tool designed to help us manage support costs. The heart of our financial challenge is this problem with the financial systems that I have just described. DBOF is dependent on the information provided by these financial systems. If we didn't have DBOF, we would still have 300-plus unlinked financial systems to deal with. In fact, if we didn't have DBOF now, we would be struggling to invent something like it.

We need to understand and control support costs. And we, as defense financial managers, have an obligation to the military services and the Secretary of Defense to provide better cost information.

### **Elements of Change**

Implementing change in financial processes is never easy. The trick today is to keep expectations from being raised beyond the ability of existing financial and accounting systems to deliver.

We, as defense financial managers, know that we have to change the way we do business to help decision-makers as we draw down the defense establishment. We are engaged in cultural change with renewed focus on minimizing costs. There is no question that we need to move from a mindset focused on how fast can appropriated funds be obligated and spent to a mindset focused on how much can the cost of providing certain goods and services be reduced.

For the financial community, there remain three basic objectives:

- First, we need to motivate cost-conscious decisions on everyone's part. Improved cost-awareness remains an important goal.

—Financial and accounting reform needs to show what it really costs to produce and provide goods and services. With better cost information, the Department will have some assurance that the support services provided and paid for are actually needed.



—With more complete visibility of costs, providers of goods and services can concentrate on reducing those costs. Similarly, customers can see that their budgets now better reflect the true cost of these goods and services, enabling them to determine the most cost effective purchases for meeting their organization's needs.

- Second, we need to improve the way we deliver support services to the operating forces. What we need is a framework to instill realistic business practices in those support activities that can and should be managed like businesses.

—Defense activities need to focus on the cost of the product or service they provide and how to satisfy customer requirements. Can all Defense activities be run like businesses? The answer is *no*. Are some Defense activities ripe for adapting business practices? The answer is *for some this kind of change is long overdue*.

- Third, we need a continuing focus on our financial systems to bring them into the next century. We have learned that standard accounting and financial policy will not ensure standard practice.

—We cannot continue the same old dialogue with our critics. We need to face up to our problems, demonstrate at the highest levels our intent to fix what's wrong, and implement corrective actions. In that way, we will usher in a new era of financial responsibility and accountability.

### Next Steps

So, where do we go from here? This Administration is committed to improving financial management throughout DoD as a way to ensure that our readiness goals are achieved and the quality of our armed forces is sustained.

The status quo isn't good enough. DoD's new leadership is determined to place high and visible emphasis on correcting financial and accounting problems. Remember that financial systems are a means to a successful end, not an end in themselves.

And, let me be clear, the entire defense establishment has a shared responsibility in the success or failure of serious financial reform.

We have initiated several actions to change the debate and address the problems we face. Most importantly, in response to Secretary Aspin's direction, Deputy Secretary Perry has undertaken a detailed review of the DBOF. The DBOF review team has already begun its work. The Steering Group is composed of senior financial officials from the Military Departments and Defense Agencies, as well as the DoD Comptroller's office. The review is being conducted by a team of experts who will evaluate the entire implementation process including policies, procedures, and systems support. The group will report in early August with recommendations on how to fulfill the Department's objectives. We expect them to make some constructive suggestions.

We—you and I—are accountable for improving financial management throughout the Department of Defense. But, it will take time. I am convinced, if we work together, that it can be done. Secretary Aspin's financial management team is not fully in place. We expect the nomination of a Comptroller soon. In keeping with Secretary Aspin's financial manage-

*"Defense activities need to focus on the cost of the product or service they provide and how to satisfy customer requirements."*

ment organizational plan, there will be a separate Chief Financial Officer for the Department of Defense. The CFO will work closely with the Comptroller, but will not *be* the Comptroller. This approach will guarantee senior leadership attention is paid to these financial problems.

### **Closing**

I challenge all of you to participate actively in improving financial management within the DoD. The world has entered a new international security era and all of us in the comptroller arena need to help usher in a new era for DoD financial management.

The financial challenge we face today at the DoD is one of adapting age-old practices to a new standard. Whatever the problems we face with implementing financial reform, there is no question that sticking with the same old way of doing things is unacceptable. Without losing sight of our objectives, we need to cultivate a consensus on the changes that are needed, implement the changes skillfully, and then make adjustments as we observe what works best.

So, learn all you can in this PDI, have fun, and return to your jobs resolved to do all you can to help build a financial system fully capable of achieving the strongest possible defense posture from the dollars the American people entrust to us.

### **About the Author**

Alice Maroni was appointed by the President April 14, 1993, as the Department of Defense Principal Deputy Comptroller, responsible for carrying out the functions assigned to him by Title IV, Public Law 216, 81st Congress and ensuring the utmost economy and efficiency in the operations of the DoD through sound business management and effective fiscal planning and control. Ms. Maroni was an Assistant to the Secretary of Defense for Budget from January 21 until April 14, 1993, responsible for preparing the fiscal year 1994 defense budget and advising the Secretary on budget and financial matters. Before then she was a professional staff member of the House Armed Services Committee (and a member of the Clinton Defense Transition Team) specializing in defense budget issues. Prior to joining the committee staff in 1990, Ms. Maroni worked as a national defense specialist in the Foreign Affairs and National Defense Division of the Congressional Research Service at the Library of Congress. Before that time she worked as an international risk analyst for Rockwell International. Ms. Maroni has written on numerous defense budget-related topics. Most recently, she is the author of "The Economic and Budgetary Implications of a U.S. Troop Withdrawal from Europe," a chapter in the SIPRI publication *Europe Without America*. Ms. Maroni graduated Phi Beta Kappa from Mount Holyoke College (1975) and was awarded a Master's Degree from the Fletcher School of Law and Diplomacy at Tufts University (1978). She completed the ten-month senior service program at the National War College (1989) and Harvard University's Program for Senior Executives in National and International Security (1991).

*Navy Comptroller* is published quarterly for the Assistant Secretary of the Navy for Financial Management. It is the official professional bulletin for Navy financial operations specialists, publishing articles on financial management, budgeting, accounting and cost analysis in the Department of the Navy. Submit subscription requests or changes of address to the Editor, Navy Comptroller Program Management Office, 151 Ellyson Avenue, Suite F, Pensacola, FL 32508-5114.



**Publication Policy:**

*Navy Comptroller* considers for publication unsolicited manuscripts, photographs, artwork and letters dealing with the full spectrum of financial operations in the Department of the Navy. Items of general interest to the financial management community are also welcomed as well as photographs. Manuscript submissions should be submitted on floppy disk accompanied by a typed double-spaced copy, a head and shoulders photograph of the author and any other photographs pertinent to the manuscript, and a short biography.

Deadline for submission of all material is three months prior to each quarterly publication date (January, April, July and October).

For further information, write to the Editor, *Navy Comptroller*, Navy Comptroller Program Management Office, 151 Ellyson Avenue, Suite F, Pensacola, FL 32508-5114, or call the Editor, Bonnie F. Lewis, at DSN 922-3962, or Commercial 904-452-3962.

The contents of *Navy Comptroller* are not necessarily the official views of, or endorsed by the U.S. Government, the Department of Defense, or the Department of the Navy.

Cover photograph is of the Navy Hospital Camp Pendleton (Official U.S. Navy Photo-Released).